

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Revenue Requirement

| Line No. | Description | As Proposed Per Company Adjusted (A) | As Proposed Per PC Adjusted (B) | Difference (C) | Reference (D) |
|----------|----------------------------------|---|--|-------------------|------------------|
| 1 | WA Jurisdictional Rate Base | \$1,007,076 | \$ 942,422 | (\$64,654) | Schedule A-1 |
| 2 | Overall Rate of Return | 8.68% | 8.25% | -0.43% | Schedule D |
| 3 | Net Operating Income Required | \$ 87,414 | \$ 77,750 | (\$9,664) | L 1 * L 2 |
| 4 | NOI-Existing Rates | \$44,029 | \$ 79,175 | \$35,146 | Schedule A-1 |
| 5 | Income Deficiency (Sufficiency) | \$ 43,385 | \$ (1,426) | (\$44,811) | L 3 - L 4 |
| 6 | Revenue Conversion Factor | 0.621901 | 0.621953 | 0.000051 | Schedule A-2 |
| 7 | Revenue Deficiency (Sufficiency) | \$ 69,762 | \$ (2,292) | (\$72,054) | L 5 / L 7 |

Docket No. UE-190134
Exhibit No. (HL-5)
Schedule A-1 (Electric)
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09/30/09- Partial Statement Position

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
FOR THE PERIOD FROM
12 MONTHS ENDED SEPTEMBER 30, 2008
(000'S OF DOLLARS)

| Line No. | DESCRIPTION | Per Month Report | Deferred FIT Rate Base | Deferred FIT on Office Building | Colstrip 3 AFUDC Elimination | Colstrip Common AFUDC | Kettle Palk Drawdown | Customer Advances | Depreciation Trac-up | Settlement Exchange Power | Subtotal Actual | Eliminate W.A. Power Cost/Defr | Eliminate A/R | Office Space Charges to Subsidiaries |
|----------|--------------------------------------|------------------|------------------------|---------------------------------|------------------------------|-----------------------|----------------------|-------------------|----------------------|---------------------------|-----------------|--------------------------------|---------------|--------------------------------------|
| | | | | | | | | | | | | | | |
| 1 | REVENUES | | | | | | | | | | | | | |
| 2 | Total General Business | \$407,849 | | | | | | | | | \$407,849 | | | |
| 3 | Interdepartmental Sales | 800 | | | | | | | | | \$800 | | | |
| 4 | Sales | 156,779 | | | | | | | | | \$156,779 | | | |
| 5 | Total Sales of Electricity | 552,428 | | | | | | | | | \$552,428 | | | |
| 6 | Other Revenue | 36,575 | | | | | | | | | 36,575 | | | |
| 7 | Total Electric Revenue | 571,700 | | | | | | | | | \$571,700 | | | |
| 8 | EXPENSES | | | | | | | | | | | | | |
| 9 | Production and Transmission | | | | | | | | | | | | | |
| 10 | Operating Expenses | 175,800 | | | | | | | | | 175,800 | | | |
| 11 | Purchased Power | 147,076 | | | | | | | | | 147,076 | | | |
| 12 | Depreciation and Amortization | 23,675 | (202) | | | | | (685) | | | 23,788 | | | 9 |
| 13 | Taxes | 8,935 | | | | | | | | | 8,935 | | | |
| 14 | Total Production & Transmission | 355,486 | (202) | | | | | (685) | | | \$354,599 | | | 9 |
| 15 | Distribution | | | | | | | | | | | | | |
| 16 | Operating Expenses | 17,279 | | | | | | | | | 17,279 | | | |
| 17 | Depreciation | 14,599 | | | | | | 857 | | | 15,456 | | | |
| 18 | Taxes | 33,186 | | | | | | | | | 33,186 | | | |
| 19 | Total Distribution | 65,064 | | | | | | 857 | | | 65,921 | | | |
| 20 | Customer Accounting | 8,559 | | | | | | | | | 8,559 | | | |
| 21 | Customer Service & Information | 11,359 | | | | | | | | | 11,359 | | | |
| 22 | Sales Expenses | 696 | | | | | | | | | 696 | | | |
| 23 | Total Customer Service & Information | 12,055 | | | | | | | | | 12,055 | | | |
| 24 | Administrative & General | | | | | | | | | | | | | |
| 25 | Operating Expenses | 35,147 | | | | | | (232) | | | 35,147 | | | (8) |
| 26 | Depreciation | 7,022 | | | | | | | | | 7,022 | | | |
| 27 | Taxes | 42,169 | | | | | | | | | 42,169 | | | |
| 28 | Total Administrative & General | 84,338 | | | | | | | | | 84,338 | | | |
| 29 | Total Electric Expenses | 483,333 | (202) | | | | | (60) | | | \$483,071 | | | (8) |
| 30 | OPERATING INCOME BEFORE FIT | 88,367 | | | 202 | | | 60 | | | 88,629 | | | 8 |
| 31 | FEDERAL INCOME TAX | 16,759 | | | | | | 21 | | | 16,780 | | | 3 |
| 32 | Current Annual | 3,070 | | | | | | | | | 3,126 | | | |
| 33 | Deferred Income Taxes | | | | | | | | | | | | | |
| 34 | NET OPERATING INCOME | \$68,538 | | | \$202 | | | \$39 | | | \$68,773 | | | \$35 |
| 35 | PLANT IN SERVICE | | | | | | | | | | | | | |
| 36 | Intangible | \$22,439 | | | | | | | | | \$22,439 | | | |
| 37 | Production | 656,077 | (1,452) | | | | | | | | \$654,625 | | | |
| 38 | Transmission | 285,760 | | | | | | | | | 285,760 | | | |
| 39 | Distribution | 532,007 | | | | | | | | | 532,007 | | | |
| 40 | General | 38,036 | | | | | | | | | 38,036 | | | |
| 41 | Total Plant in Service | 1,604,319 | (7,452) | | | | | | | | 1,596,867 | | | |
| 42 | ACCUMULATED DEPRECIATION | 543,354 | (5,496) | | | | | | | | 537,858 | | | |
| 43 | ACCM. PROVISION FOR AMORTIZATION | 6,507 | | | | | | | | | 6,507 | | | |
| 44 | Total Accum. Depreciation & Amort. | 550,491 | (5,496) | | | | | | | | 545,995 | | | |
| 45 | GAIN ON SALE OF BUILDING | | (194) | | | | | | | | | | | |
| 46 | DEFERRED TAXES | | 68 | | | | | | | | | | | |
| 47 | OTHER RATE-BASE DEDUCTIONS | | | | | | | | | | | | | |
| 48 | TOTAL RATE-BASE | \$1,053,828 | (\$142,713) | | (\$1,956) | | 5436 | (\$854) | (\$521) | \$0 | \$926,806 | | | \$0 |
| 49 | NET OPERATING INCOME | \$1,053,828 | (\$142,713) | | (\$1,956) | | 5436 | (\$854) | (\$521) | \$0 | \$926,806 | | | \$0 |
| 50 | TOTAL RATE-BASE | \$1,053,828 | (\$142,713) | | (\$1,956) | | 5436 | (\$854) | (\$521) | \$0 | \$926,806 | | | \$0 |

Docket No. UE-190134
Exhibit No. (HL-5)
Schedule A-1 (Electric)
Page 3 of 31
09/30/05- Partial Settlement Position

AVIATILITIES
ELECTRIC RESULTS OF OPERATION
WHICH ARE REPORTED IN
12 MONTHS ENDED SEPTEMBER 30, 2005
(00% OF DOLLARS)

FLOW THROUGH
CHANGE PER
PARTIAL
SETTLEMENT
Revised

FLOW THROUGH
CHANGE PER PFI
PARTIAL
SETTLEMENT
Revised

FLOW THROUGH
CHANGE PER PFI
PARTIAL
SETTLEMENT
Revised

| Line No. | DESCRIPTION | C-B | | | | | | | | | | C-1 | | | | | | | | | | C-2 | | | | | | | | | | C-3 | | | | | | | | | | C-4 | | | | | | | | | | C-5 | | | | | | | | | | P3 | | | | | | | | | | P4 | | | | | | | | | | P5 | | | | | | | | | | P6 | | | | | | | | | | P7 | | | | | | | | | | P8 | | | | | | | | | | P9 | | | | | | | | | | P10 | | | | | | | | | | P11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | | u | v | w | x | y | z | aa | ab | ac | ad | ae | af | ag | ah | ai | aj | ak | al | am | an | ao | ap | aq | ar | as | at | au | av | aw | ax | ay | az | ba | bb | bc | bd | be | bf | bg | bh | bi | bj | bk | bl | bm | bn | bo | bp | bq | br | bs | bt | bu | bv | bw | bx | by | bz | ca | cb | cc | cd | ce | cf | cg | ch | ci | cj | ck | cl | cm | cn | co | cp | cq | cr | cs | ct | cu | cv | cw | cx | cy | cz | da | db | dc | dd | de | df | dg | dh | di | dj | dk | dl | dm | dn | do | dp | dq | dr | ds | dt | du | dv | dw | dx | dy | dz | ea | eb | ec | ed | ee | ef | eg | eh | ei | ej | ek | el | em | en | eo | ep | eq | er | es | et | eu | ev | ew | ex | ey | ez | fa | fb | fc | fd | fe | ff | fg | fh | fi | fj | fk | fl | fm | fn | fo | fp | fq | fr | fs | ft | fu | fv | fw | fx | fy | fz | ga | gb | gc | gd | ge | gf | gg | gh | gi | gj | gk | gl | gm | gn | go | gp | gq | gr | gs | gt | gu | gv | gw | gx | gy | gz | ha | hb | hc | hd | he | hf | hg | hh | hi | hj | hk | hl | hm | hn | ho | hp | hq | hr | hs | ht | hu | hv | hw | hx | hy | hz | ia | ib | ic | id | ie | if | ig | ih | ii | ij | ik | il | im | in | io | ip | iq | ir | is | it | iu | iv | iw | ix | iy | iz | ja | jb | jc | jd | je | jf | jj | jk | jl | jm | jn | jo | jp | jq | jr | js | jt | ju | ju | kv | kw | kx | ky | kz | la | lb | lc | ld | le | lf | lg | lh | li | lj | lk | ll | lm | ln | lo | lp | lq | lr | ls | lt | lu | lv | lw | lx | ly | lz | ma | mb | mc | md | me | mf | mg | mh | mi | mj | mk | ml | mm | mn | mo | mp | mq | mr | ms | mt | mu | mv | mw | mx | my | mz | na | nb | nc | nd | ne | nf | ng | nh | ni | nj | nk | nl | nm | nn | no | np | nq | nr | ns | nt | nu | nv | nw | nx | ny | nz | oa | ob | oc | od | oe | of | og | oh | oi | oj | ok | ol | om | on | oo | op | oq | or | os | ot | ou | ov | ow | ox | oy | oz | pa | pb | pc | pd | pe | pf | pg | ph | pi | pj | pk | pl | pm | pn | po | pp | pq | pr | ps | pt | pu | pv | pw | px | py | pz | qa | qb | qc | qd | qe | qf | qg | qh | qi | qj | qk | ql | qm | qn | qo | qp | qq | qr | qs | qt | qu | qv | qw | qx | qy | qz | ra | rb | rc | rd | re | rf | rg | rh | ri | rj | rk | rl | rm | rn | ro | rp | rq | rr | rs | rt | ru | rv | rw | rx | ry | rz | sa | sb | sc | sd | se | sf | sg | sh | si | sj | sk | sl | sm | sn | so | sp | sq | sr | ss | st | su | sv | sw | sx | sy | sz | ta | tb | tc | td | te | tf | tg | th | ti | tj | tk | tl | tm | tn | to | tp | tq | tr | ts | tt | tu | tv | tw | tx | ty | tz | ua | ub | uc | ud | ue | uf | ug | uh | ui | uj | uk | ul | um | un | uo | up | uq | ur | us | ut | uu | uv | uw | ux | uy | uz | va | vb | vc | vd | ve | vf | vg | vh | vi | vj | vk | vl | vm | vn | vo | vp | vq | vr | vs | vt | vu | vv | vw | vx | vy | vz | wa | wb | wc | wd | we | wf | wg | wh | wi | wj | wk | wl | wm | wn | wo | wp | wq | wr | ws | wt | wu | wv | wx | wy | wz | xa | xb | xc | xd | xe | xf | yg | yh | yi | yj | yk | yl | ym | yn | yo | yp | yq | yr | ys | yt | yu | yv | yw | yx | yy | yz | za | zb | zc | zd | ze | zf | zg | zh | zi | zj | zk | zl | zm | zn | zo | zp | zq | zr | zs | zt | zu | zv | zw | zx | zy | zz | aa | ab | ac | ad | ae | af | ag | ah | ai | aj | ak | al | am | an | ao | ap | aq | ar | as | at | au | av | aw | ax | ay | az | ba | bb | bc | bd | be | bf | bg | bh | bi | bj | bk | bl | bm | bn | bo | bp | bq | br | bs | bt | bu | bv | bw | bx | by | bz | ca | cb | cc | cd | ce | cf | cg | ch | ci | cj | ck | cl | cm | cn | co | cp | cq | cr | cs | ct | cu | cv | cw | cx | cy | cz | da | db | dc | dd | de | df | dg | dh | di | dj | dk | dl | dm | dn | do | dp | dq | dr | ds | dt | du | dv | dw | dx | dy | dz | ea | eb | ec | ed | ee | ef | eg | eh | ei | ej | ek | el | em | en | eo | ep | eq | er | es | et | eu | ev | ew | ex | ey | ez | fa | fb | fc | fd | fe | ff | fg | fh | fi | fj | fk | fl | fm | fn | fo | fp | fq | fr | fs | ft | fu | fv | fw | fx | fy | fz | ga | gb | gc | gd | ge | gf | gg | gh | gi | gj | gk | gl | gm | gn | go | gp | gq | gr | gs | gt | gu | gv | gw | gx | gy | gz | ha | hb | hc | hd | he | hf | hg | hh | hi | hj | hk | hl | hm | hn | ho | hp | hq | hr | hs | ht | hu | hv | hw | hx | hy | hz | ia | ib | ic | id | ie | if | ig | ih | ii | ij | ik | il | im | in | io | ip | iq | ir | is | it | iu | iv | iw | ix | iy | iz | ja | jb | jc | jd | je | jf | jj | jk | jl | jm | jn | jo | jp | jq | jr | js | jt | ju | ju | kv | kw | kx | ky | kz | la | lb | lc | ld | le | lf | lg | lh | li | lj | lk | ll | lm | ln | lo | lp | lq | lr | ls | lt | lu | lv | lw | lx | ly | lz | ma | mb | mc | md | me | mf | mg | mh | mi | mj | mk | ml | mm | mn | mo | mp | mq | mr | ms | mt | mu | mv | mw | mx | my | mz | na | nb | nc | nd | ne | nf | ng | nh | ni | nj | nk | nl | nm | nn | no | np | nq | nr | ns | nt | nu | nv | nw | nx | ny | nz | oa | ob | oc | od | oe | of | og | oh | oi | oj | ok | ol | om | on | oo | op | oq | or | os | ot | ou | ov | ow | ox | oy | oz | pa | pb | pc | pd | pe | pf | pg | ph | pi | pj | pk | pl | pm | pn | po | pp | pq | pr | ps | pt | pu | pv | pw | px | py | pz | qa | qb | qc | qd | qe | qf | qg | qh | qi | qj | qk | ql | qm | qn | qo | qp | qq | qr | qs | qt | qu | qv | qw | qx | qy | qz | ra | rb | rc | rd | re | rf | rg | rh | ri | rj | rk | rl | rm | rn | ro | rp | rq | rr | rs | rt | ru | rv | rw | rx | ry | rz | sa | sb | sc | sd | se | sf | sg | sh | si | sj | sk | sl | sm | sn | so | sp | sq | sr | ss | st | su | sv | sw | sx | sy | sz | ta | tb | tc | td | te | tf | tg | th | ti | tj | tk | tl | tm | tn | to | tp | tq | tr | ts | tt | tu | tv | tw | tx | ty | tz | ua | ub | uc | ud | ue | uf | ug | uh | ui | uj | uk | ul | um | un | uo | up | uq | ur | us | ut | uu | uv | uw | ux | uy | uz | va | vb | vc | vd | ve | vf | vg | vh | vi | vj | vk | vl | vm | vn | vo | vp | vq | vr | vs | vt | vu | vv | vw | vx | vy | vz | wa | wb | wc | wd | we | wf | wg | wh | wi | wj | wk | wl | wm | wn | wo | wp | wq | wr | ws | wt | wu | wv | wx | wy | wz | xa | xb | xc | xd | xe | xf | yg | yh | yi | yj | yk | yl | ym | yn | yo | yp | yq | yr | ys | yt | yu | yv | yw | yx | yy | yz | za | zb | zc | zd | ze | zf | zg | zh | zi | zj | zk | zl | zm | zn | zo | zp | zq | zr | zs | zt | zu | zv | zw | zx | zy | zz | aa | ab | ac | ad | ae | af | ag | ah | ai | aj | ak | al | am | an | ao | ap | aq | ar | as | at | au | av | aw | ax | ay | az | ba | bb | bc | bd | be | bf | bg | bh | bi | bj | bk | bl | bm | bn | bo | bp | bq | br | bs | bt | bu | bv | bw | bx | by | bz | ca | cb | cc | cd | ce | cf | cg | ch | ci | cj | ck | cl | cm | cn | co | cp | cq | cr | cs | ct | cu | cv | cw | cx | cy | cz | da | db | dc | dd | de | df | dg | dh | di | dj | dk | dl | dm | dn | do | dp | dq | dr | ds | dt | du | dv | dw | dx | dy | dz | ea | eb | ec | ed | ee | ef | eg | eh | ei | ej | ek | el | em | en | eo | ep | eq | er | es | et | eu | ev | ew | ex | ey | ez | fa | fb | fc | fd | fe | ff | fg | fh | fi | fj | fk | fl | fm | fn | fo | fp | fq | fr | fs | ft | fu | fv | fw | fx | fy | fz | ga | gb | gc | gd | ge | gf | gg | gh | gi | gj | gk | gl | gm | gn | go | gp | gq | gr | gs | gt | gu | gv | gw | gx | gy | gz | ha | hb | hc | hd | he | hf | hg | hh | hi | hj | hk | hl | hm | hn | ho | hp | hq | hr | hs | ht | hu | hv | hw | hx | hy | hz | ia | ib | ic | id | ie | if | ig | ih | ii | ij | ik | il | im | in | io | ip | iq | ir | is | it | iu | iv | iw | ix | iy | iz | ja | jb | jc | jd | je | jf | jj | jk | jl | jm | jn | jo | jp | jq | jr | js | jt | ju | ju | kv | kw | kx | ky | kz | la | lb | lc | ld | le | lf | lg | lh | li | lj | lk | ll | lm | ln | lo | lp | lq | lr | ls | lt | lu | lv | lw | lx | ly | lz | ma | mb | mc | md | me | mf | mg | mh | mi | mj | mk | ml | mm | mn | mo | mp | mq | mr | ms | mt | mu | mv | mw | mx | my | mz | na | nb | nc | nd | ne | nf | ng | nh | ni | nj | nk | nl | nm | nn | no | np | nq | nr | ns | nt | nu | nv | nw | nx | ny | nz | oa | ob | oc | od | oe | of | og | oh | oi | oj | ok | ol | om | on | oo | op | oq | or | os | ot | ou | ov | ow | ox | oy | oz | pa | pb | pc | pd | pe | pf | pg | ph | pi | pj | pk | pl | pm | pn | po | pp | pq | pr | ps | pt | pu | pv | pw | px | py | pz | qa | qb | qc | qd | qe | qf | qg | qh | qi | qj | qk | ql | qm | qn | qo | qp | qq | qr | qs | qt | qu | qv | qw | qx | qy | qz | ra | rb | rc | rd | re | rf | rg | rh | ri | rj | rk | rl | rm | rn | ro | rp | rq | rr | rs | rt | ru | rv | rw | rx | ry | rz | sa | sb | sc | sd | se | sf | sg | sh | si | sj | sk | sl | sm | sn | so | sp | sq | sr | ss | st | su | sv | sw | sx | sy | sz | ta | tb | tc | td | te | tf | tg | th | ti | tj | tk | tl | tm | tn | to | tp | tq | tr | ts | tt | tu | tv | tw | tx | ty | tz | ua | ub | uc | ud | ue | uf | ug | uh | ui | uj | uk | ul | um | un | uo | up | uq | ur | us | ut | uu | uv | uw | ux | uy | uz | va | vb | vc | vd | ve | vf | vg | vh | vi | vj | vk | vl | vm | vn | vo | vp | vq | vr | vs | vt | vu | vv | vw | vx | vy | vz | wa | wb | wc | wd | we | wf | wg | wh | wi | wj | wk | wl | wm | wn | wo | wp | wq | wr | ws | wt | wu | wv | wx | wy | wz | xa | xb | xc | xd | xe | xf | yg | yh | yi | yj | yk | yl | ym | yn | yo | yp | yq | yr | ys | yt | yu | yv | yw | yx | yy | yz | za | zb | zc | zd | ze | zf | zg | zh | zi | zj | zk | zl | zm | zn | zo | zp | zq | zr | zs | zt | zu | zv | zw | zx | zy | zz | aa | ab | ac | ad | ae | af | ag | ah | ai | aj | ak | al | am | an | ao | ap | aq | ar | as | at | au | av | aw | ax | ay | az | ba | bb | bc | bd | be | bf | bg | bh | bi | bj | bk | bl | bm | bn | bo | bp | bq | br | bs | bt | bu | bv | bw | bx | by | bz | ca | cb | cc | cd | ce | cf | cg | ch | ci | cj | ck | cl | cm |

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AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Conversion Factor

| Line No. | Description | Per Company | Per PC |
|-------------|---------------------------------|------------------------|----------------------------|
| 1 | Revenues | <u>1.000000</u> | <u>1.000000</u> |
| | Expense: | | |
| 2 | Uncollectibles | 0.002599 [a] | 0.002517 [b] |
| 3 | Commission Fees | 0.002000 | 0.002000 |
| 4 | Washington Excise Tax | 0.038629 [a] | 0.038633 [b] |
| 5 | Franchise Fees | - | - |
| 6 | Total Expense | <u>0.043229</u> | <u>0.043150</u> |
| 7 | Net Operating Income Before FIT | 0.956771 | 0.956850 |
| 8 | Federal Income Tax @ 35% | <u>0.334870</u> | <u>0.334898</u> L. 7 * 35% |
| 9 | Conversion Factor | <u><u>0.621901</u></u> | <u><u>0.621953</u></u> |

Source: _____

[a] Exhibit No. __ (EMA-2) page 3

[b] Response to PC-025

AVISTA UTILITIES
 ELECTRIC RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 12 MONTHS ENDED SEPTEMBER 30, 2008
 (000'S OF DOLLARS)

| Line No. | DESCRIPTION | Per Results Report | Company Adjusted | PC Adjusted |
|----------|------------------------------------|--------------------|------------------|--------------|
| | RATE BASE | | | |
| | Plant In Service | | | |
| 1 | Intangible | \$22,439 | \$ 78,478 | \$ 25,700 |
| 2 | Production | 656,077 | \$ 762,219 | \$ 746,013 |
| 3 | Transmission | 285,760 | \$ 296,316 | \$ 280,224 |
| 4 | Distribution | 552,007 | \$ 607,308 | \$ 551,776 |
| 5 | General | 88,036 | \$ 109,598 | \$ 88,036 |
| 6 | Total Plant in Service | 1,604,319 | \$ 1,853,919 | \$ 1,691,750 |
| 7 | Accumulated Depreciation | 543,584 | \$ 610,941 | \$ 528,715 |
| 8 | Accum. Provision for Amortization | 6,907 | \$ 64,635 | \$ 64,075 |
| 9 | Total Accum. Depreciation & Amort. | 550,491 | \$ 675,576 | \$ 592,790 |
| 10 | Gain on Sale of Building | | \$ (194) | \$ 1,698 |
| 11 | Deferred Taxes | | \$ (171,073) | \$ (148,137) |
| 12 | Other Rate Base Deductions | | | \$ (10,099) |
| 13 | TOTAL RATE BASE | \$1,053,828 | \$ 1,007,076 | \$ 942,422 |

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
12 MONTHS ENDED SEPTEMBER 30, 2008
(000'S OF DOLLARS)

| Line No. | DESCRIPTION | Per Results Report | Company Adjusted | PC Adjusted |
|--------------------|--------------------------------|--------------------------|---------------------|----------------|
| a | | | | |
| REVENUES | | | | |
| 1 | Total Sales | \$ 535,128 | \$ 457,459 | \$ 464,996 |
| 2 | Total Other Revenue | \$ 36,572 | \$ 9,680 | \$ 9,680 |
| 3 | Total Electric Revenue | \$ 571,700 | \$ 467,139 | \$ 474,676 |
| EXPENSES | | | | |
| 4 | Production and Transmission | \$ 355,486 | \$ 298,585 | \$ 260,773 |
| 5 | Distribution | \$ 65,064 | \$ 56,504 | \$ 53,229 |
| 6 | Customer Accounting | \$ 8,559 | \$ 8,584 | \$ 8,406 |
| 7 | Customer Service & Information | \$ 11,359 | \$ 710 | \$ 698 |
| 8 | Sales Expenses | \$ 696 | \$ 757 | \$ 739 |
| 9 | Administrative & General | \$ 42,169 | \$ 49,720 | \$ 43,581 |
| 10 | Total Electric Expenses | \$ 483,333 | \$ 414,860 | \$ 367,427 |
| 11 | OPERATING INCOME BEFORE FIT | \$ 88,367 | \$ 52,279 | \$ 107,250 |
| FEDERAL INCOME TAX | | | | |
| 12 | Current Accrual | \$ 16,759 | \$ (1,096) | \$ 18,728 |
| 13 | Deferred Income Taxes | \$ 3,070 | \$ 9,346 | \$ 9,346 |
| | Total Taxes | \$ 19,829 | \$ 8,250 | \$ 28,074 |
| 14 | NET OPERATING INCOME | \$ 68,538 | \$ 44,029 | \$ 79,175 |

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Reduce Company's Production Property Adjustment

| Line No. | Description | Amount |
|--|--|-------------|
| REVENUES | | |
| 1 | Total General Business | |
| 2 | Interdepartmental Sales | |
| 3 | Sales for Resale | \$ (3,350) |
| 4 | Total Sales of Electricity | \$ (3,350) |
| 5 | Other Revenue | \$ (304) |
| 6 | Total Electric Revenue | \$ (3,654) |
| EXPENSES | | |
| Production and Transmission | | |
| 7 | Operating Expenses | \$ (8,026) |
| 8 | Purchased Power | \$ (3,859) |
| 9 | Depreciation and Amortization | \$ (727) |
| 10 | Taxes | \$ (152) |
| 11 | Total Production & Transmission | \$ (12,763) |
| Distribution | | |
| 12 | Operating Expenses | |
| 13 | Depreciation | |
| 14 | Taxes | |
| 15 | Total Distribution | \$ - |
| 16 | Customer Accounting | |
| 17 | Customer Service & Information | |
| 18 | Sales Expenses | |
| Administrative & General | | |
| 19 | Operating Expenses | |
| 20 | Depreciation | |
| 21 | Taxes | |
| 22 | Total Admin. & General | \$ - |
| 23 | Total Electric Expenses | \$ (12,763) |
| 24 | Operating Income Before FIT | \$ 9,110 |
| 25 | Federal Income Tax Rate | 35.000% |
| 26 | Increase in Federal Income Tax Expense | \$ 3,188 |
| 27 | Increase in Net Operating Income | \$ 5,921 |
| RATE BASE | | |
| PLANT IN SERVICE | | |
| 30 | Intangible | \$ (1,137) |
| 31 | Production | \$ (13,253) |
| 32 | Transmission | \$ (5,536) |
| 33 | Distribution | |
| 34 | General | |
| 35 | Total Plant in Service | \$ (19,926) |
| 36 | ACCUMULATED DEPRECIATION | \$ (6,470) |
| ACCUM. PROVISION FOR AMORTIZATION | | |
| 38 | Total Accum. Depreciation & Amort. | \$ (6,470) |
| 39 | GAIN ON SALE OF BUILDING | |
| 40 | DEFERRED TAXES | \$ 1,892 |
| 41 | OTHER RATE BASE DEDUCTIONS | |
| 42 | TOTAL RATE BASE | \$ (11,564) |

Source:
 C-1.1

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AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

| Plant | Test Year | | | Production | Adjustment | Test Year | | Reference |
|---|---------------------|--------------------|---------------------|------------|-------------------|---------------------|--------------|-----------|
| | Production | Transmission | Total | Factor | | Total | (G) | |
| | (A) | (B) | (C) | (D) | (E) | (F) | | |
| Plant | | | | | | | | |
| AMA 9/30/08 | \$ 659,739 | \$ 285,760 | \$ 945,499 | 0.019372 | \$ 18,316 | \$ 927,183 | PF6 | 2 |
| Noxon Generation | \$ 5,464 | | \$ 5,464 | 0.047953 | \$ 262 | \$ 5,202 | PF8 | |
| Spokane River Relicensing | \$ 23,703 | | \$ 23,703 | 0.047953 | \$ 1,137 | \$ 22,566 | PF11 | |
| CDA Tribe Settlement | \$ - | | \$ - | 0.047953 | \$ - | \$ - | PF12 | |
| Montana Lease | \$ 4,398 | | \$ 4,398 | 0.047953 | \$ 211 | \$ 4,187 | PF13 | |
| Total Plant | \$ 693,304 | \$ 285,760 | \$ 979,064 | | \$ 19,926 | \$ 959,138 | | |
| Accumulated Depreciation | | | | | | | | |
| AMA 9/30/08 | \$ (241,449) | \$ (94,048) | \$ (335,497) | 0.019372 | \$ (6,499) | \$ (328,998) | PF6 | 2 |
| Noxon Generation | \$ (56) | | \$ (56) | 0.047953 | \$ (3) | \$ (53) | PF8 | |
| Spokane River Relicensing | \$ 663 | | \$ 663 | 0.047953 | \$ 32 | \$ 631 | PF12 | |
| CDA Tribe Settlement | \$ - | | \$ - | 0.047953 | \$ - | \$ - | PF11 | |
| Total Accumulated Depreciation | \$ (240,842) | \$ (94,048) | \$ (334,890) | | \$ (6,470) | \$ (328,420) | | |
| Accumulated Deferred FIT | | | | | | | | |
| AMA 9/30/08 | \$ (60,693) | \$ (26,128) | \$ (86,821) | 0.019372 | \$ (1,682) | \$ (85,139) | PF6 | 2 |
| Noxon Generation | \$ (22) | | \$ (22) | 0.047953 | \$ (1) | \$ (21) | PF8 | |
| Spokane River Relicensing | \$ (2,818) | | \$ (2,818) | 0.047953 | \$ (135) | \$ (2,683) | PF12 | |
| CDA Tribe Settlement | \$ - | | \$ - | 0.047953 | \$ - | \$ - | | |
| Montana Lease | \$ (1,539) | | \$ (1,539) | 0.047953 | \$ (74) | \$ (1,465) | PF11 | |
| Total Accumulated Deferred FIT | \$ (65,072) | \$ (26,128) | \$ (91,200) | | \$ (1,892) | \$ (89,308) | | |
| Net Rate Base | \$ 387,390 | \$ 165,584 | \$ 552,974 | | \$ 11,564 | \$ 541,410 | | |
| Depreciation/Amortization | | | | | | | | |
| AMA 9/30/08 | \$ 17,034 | \$ 5,902 | \$ 22,936 | 0.019372 | \$ 444 | \$ 22,492 | PF6 | 2 |
| Noxon Generation | \$ 158 | | \$ 158 | 0.047953 | \$ 8 | \$ 150 | PF8 | |
| Spokane River Relicensing | \$ 1,959 | | \$ 1,959 | 0.047953 | \$ 94 | \$ 1,865 | PF11 | |
| CDA Tribe Settlement | \$ 258 | | \$ 258 | 0.047953 | \$ 12 | \$ 246 | PF12 | |
| Montana Lease | \$ 3,516 | | \$ 3,516 | 0.047953 | \$ 169 | \$ 3,347 | PF13 | |
| Total Depreciation/Amortization | \$ 22,925 | \$ 5,902 | \$ 28,827 | | \$ 727 | \$ 28,100 | | |
| Property Taxes | | | | | | | | |
| AMA 9/30/08 | \$ 4,589 | \$ 3,057 | \$ 7,646 | 0.019372 | \$ 148 | \$ 7,498 | L-5 | |
| Noxon Generations | \$ 82 | | \$ 82 | 0.047953 | \$ 4 | \$ 78 | L-3 | |
| Total Property Taxes | \$ 4,671 | \$ 3,057 | \$ 7,728 | | \$ 152 | \$ 7,576 | | |
| O&M Expense | | | | | | | | |
| Spokane River Relicensing | \$ 1,677 | | \$ 1,677 | 0.047953 | \$ 80 | \$ 1,597 | PF11 | |
| Power Supply-Purchased Power | \$ 80,471 | | \$ 80,471 | 0.047953 | \$ 3,859 | \$ 76,612 | PF11 | |
| Power Supply | \$ 120,304 | \$ 11,965 | \$ 132,269 | 0.047953 | \$ 6,343 | \$ 125,926 | PF11, C-1.12 | |
| Labor | \$ 8,825 | \$ 2,537 | \$ 11,362 | 0.047953 | \$ 545 | \$ 10,817 | C-2 | |
| Transmission | | \$ 1,424 | \$ 1,424 | 0.047953 | \$ 68 | \$ 1,356 | PF5 | |
| Asset Management | | \$ 1,473 | \$ 1,473 | 0.047953 | \$ 71 | \$ 1,402 | PF9 3 | |
| Mercury Emissions | \$ 1,241 | | \$ 1,241 | 0.047953 | \$ 60 | \$ 1,181 | C-7 | |
| Production Plant O&M | \$ 14,065 | | \$ 14,065 | 0.047953 | \$ 674 | \$ 13,391 | PF16 | |
| Benefits | \$ 3,008 | \$ 869 | \$ 3,877 | 0.019372 | \$ 75 | \$ 3,802 | PF17 & PF 3 | |
| Clark Fork PM&E | \$ 2,285 | | \$ 2,285 | 0.047953 | \$ 110 | \$ 2,175 | PF19 | |
| Total O&M Expense | \$ 231,876 | \$ 18,268 | \$ 250,144 | | \$ 11,884 | \$ 238,260 | | |
| Total Expenses | \$ 259,472 | \$ 27,227 | \$ 286,699 | | \$ 12,763 | \$ 273,936 | | |
| Revenue | | | | | | | | |
| Power Supply-Sales for Resale | \$ 69,856 | | \$ 69,856 | 0.047953 | \$ 3,350 | \$ 66,506 | PF1 | |
| Power Supply-Other Revenue | \$ 211 | | \$ 211 | 0.047953 | \$ 10 | \$ 201 | PF1 | |
| Transmission-Other Revenue | | \$ 6,123 | \$ 6,123 | 0.047953 | \$ 294 | \$ 5,829 | PF5 | |
| Total Revenue | \$ 70,067 | \$ 6,123 | \$ 76,190 | | \$ 3,654 | \$ 72,536 | | |
| Net Operating Expense Before Tax | \$ 189,405 | \$ 21,104 | \$ 210,509 | | \$ 9,110 | \$ 201,399 | | |

Source:
 WP PF 2 2

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

| Acct No. | Company Amounts [a] | | |
|--------------------|---------------------|-------------------|-----------------------------|
| | 10/07 -9/08 | | |
| | Actuals | Adjustments | Pro forma |
| Other Expenses | 557 | \$ 27,303 | \$ (27,009) \$ 294 |
| Thermal Fuel | 201 | \$ 16,166 | \$ 4,125 \$ 20,291 |
| Other Fuel Expense | 547 | \$ 70,014 | \$ 39,995 \$ 99,193 [b] |
| Water for Power | 536 | \$ 422 | \$ 1 \$ 423 |
| Misc Other Gen Exp | 549 | \$ 113 | \$ (10) \$ 103 |
| Total | | \$ 114,018 | \$ 17,102 \$ 120,304 |

Source:

[a] WP PF1 2

Other Fuel Expense

| | |
|--|-----------------|
| Per Company | \$ 110,009 |
| Reduction Per PC Power Cost Witness-WA | \$ (10,816) [c] |
| | \$ 99,193 [b] |

| | | |
|-------------------------------------|-----------------|---------------------------------------|
| Power Supply Operating Expense | \$ 1,004 | EMA-2-Revised for Settlement Position |
| Remove WA Lancaster | \$ (11,820) [d] | |
| Total Power Supply Reduction per PC | \$ (10,816) [c] | |

| | |
|--------------|-----------------|
| Lancaster | \$ (18,300) |
| WA Allocator | 64.59% |
| WA Lancaster | \$ (11,820) [d] |

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Reduce Company's Pro forma Adjustment for Non-Executive Labor

| Line No. | Description | Amount | |
|----------|--|------------------------|----------------------|
| | Production and Transmission | | |
| 1 | Operating Expenses | \$ 539 | Col. G, L.35 + L. 49 |
| 2 | Purchased Power | | |
| 3 | Depreciation and Amortization | | |
| 4 | Taxes | | |
| 5 | Total Production & Transmission | <u>\$ 539</u> | |
| | Distribution | | |
| 6 | Operating Expenses | \$ 482 | Col G, L. 69 |
| 7 | Depreciation | | |
| 8 | Taxes | | |
| 9 | Total Distribution | <u>\$ 482</u> | |
| 10 | Customer Accounting | \$ 170 | Col G, L. 74 |
| 11 | Customer Service & Information | \$ 8 | Col. G, L. 79 |
| 12 | Sales Expenses | \$ 13 | Col. G, L. 86 |
| | Administrative & General | | |
| 13 | Operating Expenses | \$ 321 | Col. G, L. 95 |
| 14 | Depreciation | | |
| 15 | Taxes | | |
| 16 | Total Admin. & General | <u>\$ 321</u> | |
| 17 | Total Electric Expenses | <u>\$ 1,534</u> | |
| 18 | Federal Income Tax Rate | <u>35.000%</u> | |
| 19 | Decrease in Federal Income Tax Expense | <u>\$ (537)</u> | |
| 20 | Decrease in Net Operating Income | <u><u>\$ (997)</u></u> | |

Source: _____
 C-2.1

Date 12

AVISTA UTILITIES
 Washington Electric System
 Test Year Twelve Months Ended September 30, 2008
 (\$000's of Dollars)

| Line No. | Account/Description | (A) Total WA | (B) Remove Executives | (C) Adjusted Total WA | (D) 2008 Increase | | (E) Adjusted for 2008 Increase | (F) Board Apprvd 2009 Increase | | (G) 2008 & 2009 Increases | (H) Add back Executives | (I) Total Col. C + G + H |
|-------------------------|----------------------------|-----------------|--------------------------|--------------------------|----------------------|--------------|-----------------------------------|-----------------------------------|--------------|------------------------------|----------------------------|-----------------------------|
| | | | | | Admin 1.519% | Union 1.698% | | Admin 2.50% | Union 4.000% | | | |
| Production | | | | | | | | | | | | |
| Steam | | | | | | | | | | | | |
| 1 | 500 Supervision & Eng. | \$ 100,189 | \$ - | \$ 100,189 | \$ 1,522 | \$ - | \$ 101,711 | \$ 2,543 | \$ 4,065 | \$ 4,065 | \$ - | \$ 104,254 |
| 2 | 501 Fuel | \$ 429,552 | \$ - | \$ 429,552 | \$ 7,294 | \$ - | \$ 436,846 | \$ 17,474 | \$ 24,768 | \$ 24,768 | \$ - | \$ 454,320 |
| 3 | 502 Steam Expense | \$ 248,961 | \$ - | \$ 248,961 | \$ 4,227 | \$ - | \$ 253,188 | \$ 10,128 | \$ 14,355 | \$ 14,355 | \$ - | \$ 263,316 |
| 4 | 505 Electric Expense | \$ 278,581 | \$ - | \$ 278,581 | \$ 4,730 | \$ - | \$ 283,311 | \$ 11,332 | \$ 16,062 | \$ 16,062 | \$ - | \$ 294,643 |
| 5 | 506 Misc. Steam Pwr. Exp. | \$ 82,275 | \$ - | \$ 82,275 | \$ 1,397 | \$ - | \$ 83,672 | \$ 3,347 | \$ 4,744 | \$ 4,744 | \$ - | \$ 87,019 |
| 6 | 510 Supervision & Eng. | \$ 43,118 | \$ - | \$ 43,118 | \$ 655 | \$ - | \$ 43,773 | \$ 1,094 | \$ 1,749 | \$ 1,749 | \$ - | \$ 44,867 |
| 7 | 511 Structures | \$ 2,329 | \$ - | \$ 2,329 | \$ 40 | \$ - | \$ 2,369 | \$ 95 | \$ 135 | \$ 135 | \$ - | \$ 2,464 |
| 8 | 512 Boiler Plant | \$ 236,566 | \$ - | \$ 236,566 | \$ 4,017 | \$ - | \$ 240,583 | \$ 9,623 | \$ 13,640 | \$ 13,640 | \$ - | \$ 250,206 |
| 9 | 513 Electric Plant | \$ 59,587 | \$ - | \$ 59,587 | \$ 1,012 | \$ - | \$ 60,599 | \$ 2,424 | \$ 3,436 | \$ 3,436 | \$ - | \$ 63,023 |
| 10 | 514 Misc. Steam Plant | \$ 43,024 | \$ - | \$ 43,024 | \$ 731 | \$ - | \$ 43,755 | \$ 1,750 | \$ 2,481 | \$ 2,481 | \$ - | \$ 45,505 |
| 11 | Total Steam | \$ 1,524,182 | \$ - | \$ 1,524,182 | \$ 25,625 | \$ - | \$ 1,549,807 | \$ 59,810 | \$ 85,435 | \$ 85,435 | \$ - | \$ 1,609,617 |
| Hydro | | | | | | | | | | | | |
| 12 | 535 Supervision & Eng. | \$ 630,434 | \$ - | \$ 630,434 | \$ 9,576 | \$ - | \$ 640,010 | \$ 16,000 | \$ 25,576 | \$ 25,576 | \$ - | \$ 656,010 |
| 13 | 536 Water For Power | \$ 4,987 | \$ - | \$ 4,987 | \$ 85 | \$ - | \$ 5,072 | \$ 203 | \$ 288 | \$ 288 | \$ - | \$ 5,275 |
| 14 | 537 Hydraulic Expense | \$ 201,780 | \$ - | \$ 201,780 | \$ 3,426 | \$ - | \$ 205,206 | \$ 8,208 | \$ 11,634 | \$ 11,634 | \$ - | \$ 213,414 |
| 15 | 538 Electric Expense | \$ 2,053,338 | \$ - | \$ 2,053,338 | \$ 34,866 | \$ - | \$ 2,088,204 | \$ 83,528 | \$ 118,394 | \$ 118,394 | \$ - | \$ 2,171,732 |
| 16 | 539 Misc. Hydro Expense | \$ 193,205 | \$ - | \$ 193,205 | \$ 3,281 | \$ - | \$ 196,486 | \$ 7,859 | \$ 11,140 | \$ 11,140 | \$ - | \$ 204,345 |
| 17 | 541 Supervision & Eng. | \$ 92,201 | \$ - | \$ 92,201 | \$ 1,401 | \$ - | \$ 93,602 | \$ 2,340 | \$ 3,741 | \$ 3,741 | \$ - | \$ 95,942 |
| 18 | 542 Structures | \$ 91,574 | \$ - | \$ 91,574 | \$ 1,555 | \$ - | \$ 93,129 | \$ 3,725 | \$ 5,280 | \$ 5,280 | \$ - | \$ 96,854 |
| 19 | 543 Res., Dams & Wtrways | \$ 255,208 | \$ - | \$ 255,208 | \$ 4,333 | \$ - | \$ 259,541 | \$ 10,382 | \$ 14,715 | \$ 14,715 | \$ - | \$ 269,923 |
| 20 | 544 Electric Plant | \$ 728,112 | \$ - | \$ 728,112 | \$ 12,363 | \$ - | \$ 740,475 | \$ 29,619 | \$ 41,982 | \$ 41,982 | \$ - | \$ 770,094 |
| 21 | 545 Misc. Hydro Plant | \$ 80,318 | \$ - | \$ 80,318 | \$ 1,364 | \$ - | \$ 81,682 | \$ 3,267 | \$ 4,631 | \$ 4,631 | \$ - | \$ 84,949 |
| 22 | Total Hydro | \$ 4,331,157 | \$ - | \$ 4,331,157 | \$ 72,250 | \$ - | \$ 4,403,407 | \$ 165,132 | \$ 237,382 | \$ 237,382 | \$ - | \$ 4,568,539 |
| Other Generation | | | | | | | | | | | | |
| 23 | 546 Supervision & Eng. | \$ 126,245 | \$ - | \$ 126,245 | \$ 1,918 | \$ - | \$ 128,163 | \$ 3,204 | \$ 5,122 | \$ 5,122 | \$ - | \$ 131,367 |
| 24 | 547 Fuel | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 25 | 548 Generation Expense | \$ 126,769 | \$ - | \$ 126,769 | \$ 2,153 | \$ - | \$ 128,922 | \$ 5,157 | \$ 7,310 | \$ 7,310 | \$ - | \$ 134,079 |
| 26 | 549 Misc. Other Gen. | \$ 75,450 | \$ - | \$ 75,450 | \$ 1,281 | \$ - | \$ 76,731 | \$ 3,069 | \$ 4,350 | \$ 4,350 | \$ - | \$ 79,800 |
| 27 | 551 Supervision & Eng. | \$ 58,489 | \$ - | \$ 58,489 | \$ 888 | \$ - | \$ 59,377 | \$ 1,484 | \$ 2,372 | \$ 2,372 | \$ - | \$ 60,861 |
| 28 | 552 Structures | \$ 1,156 | \$ - | \$ 1,156 | \$ 20 | \$ - | \$ 1,176 | \$ 47 | \$ 67 | \$ 67 | \$ - | \$ 1,223 |
| 29 | 553 Gen. & Elec. Equip. | \$ 103,919 | \$ - | \$ 103,919 | \$ 1,765 | \$ - | \$ 105,684 | \$ 4,227 | \$ 5,992 | \$ 5,992 | \$ - | \$ 109,911 |
| 30 | 554 Misc. Other Gen. Plant | \$ 43,699 | \$ - | \$ 43,699 | \$ 742 | \$ - | \$ 44,441 | \$ 1,778 | \$ 2,520 | \$ 2,520 | \$ - | \$ 46,219 |
| 31 | Total Other Generation | \$ 535,727 | \$ - | \$ 535,727 | \$ 8,767 | \$ - | \$ 544,494 | \$ 18,967 | \$ 27,734 | \$ 27,734 | \$ - | \$ 563,461 |

AVISTA UTILITIES
 Washington Electric System
 Test Year Twelve Months Ended September 30, 2008
 (\$000's of Dollars)

| Line No. | Account/Description | (A) Total WA | (B) Remove Executives | (C) Adjusted Total WA | (D) 2008 Increase Admin 1.519% Union 1.698% | (E) Adjusted for 2008 Increase | (F) Board Apprvd 2009 Increase Admin 2.50% Union 4.000% | (G) 2008 & 2009 Increases | (H) Add back Executives | (I) Total |
|---------------------------|----------------------------|-----------------|--------------------------|--------------------------|---|-----------------------------------|--|------------------------------|----------------------------|--------------|
| Other Power Supply | | | | | | | | | | |
| 32 | 556 Other Power Supply | \$ 160,960 | \$ - | \$ 160,960 | \$ 2,445 | \$ 163,405 | \$ 4,085 | \$ 6,530 | \$ - | \$ 167,490 |
| 33 | 557 Other Expense | \$ 1,843,660 | \$ (88,409) | \$ 1,755,251 | \$ 26,662 | \$ 1,781,913 | \$ 44,548 | \$ 71,210 | \$ 89,752 | \$ 1,916,213 |
| 34 | Total Other Power Supply | \$ 2,004,620 | \$ (88,409) | \$ 1,916,211 | \$ 29,107 | \$ 1,945,318 | \$ 48,633 | \$ 77,740 | \$ 89,752 | \$ 2,083,703 |
| 35 | Total Production | \$ 8,395,686 | \$ (88,409) | \$ 8,307,277 | \$ 135,749 | \$ 8,443,026 | \$ 292,542 | \$ 428,291 | \$ 89,752 | \$ 8,825,320 |
| Transmission | | | | | | | | | | |
| 36 | 560 Supervision & Eng. | \$ 727,913 | \$ - | \$ 727,913 | \$ 11,057 | \$ 738,970 | \$ 18,474 | \$ 29,531 | \$ - | \$ 757,444 |
| 37 | 561 Load Dispatching | \$ 813,174 | \$ - | \$ 813,174 | \$ 12,352 | \$ 825,526 | \$ 20,638 | \$ 32,990 | \$ - | \$ 846,164 |
| 38 | 562 Station Expense | \$ 61,978 | \$ - | \$ 61,978 | \$ 1,052 | \$ 63,030 | \$ 2,521 | \$ 3,573 | \$ - | \$ 65,551 |
| 39 | 563 Overhead Line Exp. | \$ 62,541 | \$ - | \$ 62,541 | \$ 1,062 | \$ 63,603 | \$ 2,544 | \$ 3,606 | \$ - | \$ 66,147 |
| 40 | 564 Underground Line Exp. | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 41 | 566 Misc. Trans. Exp. | \$ 173,751 | \$ - | \$ 173,751 | \$ 2,950 | \$ 176,701 | \$ 7,068 | \$ 10,018 | \$ - | \$ 183,769 |
| 42 | 567 | \$ 344 | \$ - | \$ 344 | \$ 6 | \$ 350 | \$ 14 | \$ 20 | \$ - | \$ 364 |
| 43 | 568 Supervision & Eng. | \$ 164,356 | \$ - | \$ 164,356 | \$ 2,497 | \$ 166,853 | \$ 4,171 | \$ 6,668 | \$ - | \$ 171,024 |
| 44 | 569 Structures | \$ 74,666 | \$ - | \$ 74,666 | \$ 1,268 | \$ 75,934 | \$ 3,037 | \$ 4,305 | \$ - | \$ 78,971 |
| 45 | 570 Station Equip. | \$ 302,682 | \$ - | \$ 302,682 | \$ 5,140 | \$ 307,822 | \$ 12,313 | \$ 17,453 | \$ - | \$ 320,135 |
| 46 | 571 Overhead Lines | \$ 30,200 | \$ - | \$ 30,200 | \$ 513 | \$ 30,713 | \$ 1,229 | \$ 1,742 | \$ - | \$ 31,942 |
| 47 | 572 Underground Lines | \$ 2,647 | \$ - | \$ 2,647 | \$ 45 | \$ 2,692 | \$ 108 | \$ 153 | \$ - | \$ 2,800 |
| 48 | 573 Misc. Trans. Plant | \$ 11,942 | \$ - | \$ 11,942 | \$ 203 | \$ 12,145 | \$ 486 | \$ 689 | \$ - | \$ 12,631 |
| 49 | Total Transmission | \$ 2,426,194 | \$ - | \$ 2,426,194 | \$ 38,145 | \$ 2,464,339 | \$ 72,603 | \$ 110,748 | \$ - | \$ 2,536,942 |
| Distribution | | | | | | | | | | |
| 50 | 580 Supervision & Eng. | \$ 600,639 | \$ - | \$ 600,639 | \$ 9,124 | \$ 609,763 | \$ 15,244 | \$ 24,368 | \$ - | \$ 625,007 |
| 51 | 581 Load Dispatching | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 52 | 582 Station Expense | \$ 187,653 | \$ - | \$ 187,653 | \$ 3,186 | \$ 190,839 | \$ 7,634 | \$ 10,820 | \$ - | \$ 198,473 |
| 53 | 583 Overhead Line Exp. | \$ 1,100,282 | \$ - | \$ 1,100,282 | \$ 18,683 | \$ 1,118,965 | \$ 44,759 | \$ 63,442 | \$ - | \$ 1,163,724 |
| 54 | 584 Undergrd. Line Exp. | \$ 535,265 | \$ - | \$ 535,265 | \$ 9,089 | \$ 544,354 | \$ 21,774 | \$ 30,863 | \$ - | \$ 566,128 |
| 55 | 585 St. Lt. & Signl. Sys. | \$ 18,642 | \$ - | \$ 18,642 | \$ 317 | \$ 18,959 | \$ 758 | \$ 1,075 | \$ - | \$ 19,717 |
| 56 | 586 Meter Expense | \$ 855,301 | \$ - | \$ 855,301 | \$ 14,523 | \$ 869,824 | \$ 34,793 | \$ 49,316 | \$ - | \$ 904,617 |
| 57 | 587 Cust. Install. Expense | \$ 231,968 | \$ - | \$ 231,968 | \$ 3,939 | \$ 235,907 | \$ 9,436 | \$ 13,375 | \$ - | \$ 245,343 |
| 58 | 588 Misc. Dist. Expense | \$ 1,952,760 | \$ - | \$ 1,952,760 | \$ 33,158 | \$ 1,985,918 | \$ 79,437 | \$ 112,595 | \$ - | \$ 2,065,355 |
| 59 | 589 Rent | \$ 949 | \$ - | \$ 949 | \$ 16 | \$ 965 | \$ 39 | \$ 55 | \$ - | \$ 1,004 |
| 60 | 590 Supervision & Eng. | \$ 342,593 | \$ - | \$ 342,593 | \$ 5,204 | \$ 347,797 | \$ 8,695 | \$ 13,899 | \$ - | \$ 356,492 |
| 61 | 591 Structures | \$ 48,999 | \$ - | \$ 48,999 | \$ 832 | \$ 49,831 | \$ 1,993 | \$ 2,825 | \$ - | \$ 51,824 |
| 62 | 592 Station Equipment | \$ 305,043 | \$ - | \$ 305,043 | \$ 5,180 | \$ 310,223 | \$ 12,409 | \$ 17,589 | \$ - | \$ 322,632 |
| 63 | 593 Overhead Lines | \$ 1,294,950 | \$ - | \$ 1,294,950 | \$ 21,988 | \$ 1,316,938 | \$ 52,678 | \$ 74,666 | \$ - | \$ 1,369,616 |
| 64 | 594 Undergrd. Lines | \$ 443,724 | \$ - | \$ 443,724 | \$ 7,534 | \$ 451,258 | \$ 18,050 | \$ 25,584 | \$ - | \$ 469,308 |

AVISTA UTILITIES
 Washington Electric System
 Test Year Twelve Months Ended September 30, 2008
 (\$000's of Dollars)

| Line No. | Account/Description | (A) | | (B) | | (C) | | (D) | | (E) | | (F) | | (G) | | (H) | | (I) | |
|--------------------------------|-----------------------------|--------------|-------------------|--------------------|----------------------------|----------------------------|----------------------------|--|------------------------------------|---------------------|-------|-----|--|-----|--|-----|--|-----|--|
| | | Total W/A | Remove Executives | Adjusted Total W/A | 2008 Increase Admin 1.519% | 2008 Increase Union 1.698% | Adjusted for 2008 Increase | Board Apprvd 2009 Increase Admin 2.50% | 2008 & 2009 Increases Union 4.000% | Add back Executives | Total | | | | | | | | |
| 65 | Line Transformers | \$ 310,557 | \$ - | \$ 310,557 | \$ 5,273 | \$ 315,830 | \$ 12,633 | \$ 17,906 | \$ - | \$ 328,463 | | | | | | | | | |
| 66 | 596 St. Lt. & Signl. Sys. | \$ 187,819 | \$ - | \$ 187,819 | \$ 3,189 | \$ 191,008 | \$ 7,640 | \$ 10,829 | \$ - | \$ 198,648 | | | | | | | | | |
| 67 | 597 Meters | \$ 56,013 | \$ - | \$ 56,013 | \$ 951 | \$ 56,964 | \$ 2,279 | \$ 3,230 | \$ - | \$ 59,243 | | | | | | | | | |
| 68 | 598 Misc. Dist. Expense | \$ 167,765 | \$ - | \$ 167,765 | \$ 2,849 | \$ 170,614 | \$ 6,825 | \$ 9,674 | \$ - | \$ 177,439 | | | | | | | | | |
| 69 | Total Distribution | \$ 8,640,922 | \$ - | \$ 8,640,922 | \$ 145,035 | \$ 8,785,957 | \$ 337,075 | \$ 482,110 | \$ - | \$ 9,123,032 | | | | | | | | | |
| Customer Accounts | | | | | | | | | | | | | | | | | | | |
| 70 | 901 Supervision | \$ 221,076 | \$ - | \$ 221,076 | \$ 3,358 | \$ 224,434 | \$ 5,611 | \$ 8,969 | \$ - | \$ 230,045 | | | | | | | | | |
| 71 | 902 Meter Reading Exp. | \$ 1,251,744 | \$ - | \$ 1,251,744 | \$ 21,255 | \$ 1,272,999 | \$ 50,920 | \$ 72,175 | \$ - | \$ 1,323,919 | | | | | | | | | |
| 72 | 903 Cust. Records & Coll. | \$ 2,124,985 | \$ - | \$ 2,124,985 | \$ 32,279 | \$ 2,157,264 | \$ 53,932 | \$ 86,211 | \$ - | \$ 2,211,196 | | | | | | | | | |
| 73 | 905 Misc. Cust. Accts. | \$ 59,208 | \$ - | \$ 59,208 | \$ 899 | \$ 60,107 | \$ 1,503 | \$ 2,402 | \$ - | \$ 61,610 | | | | | | | | | |
| 74 | Total Cust Accounts | \$ 3,657,013 | \$ - | \$ 3,657,013 | \$ 57,791 | \$ 3,714,804 | \$ 111,965 | \$ 169,756 | \$ - | \$ 3,826,769 | | | | | | | | | |
| Cust Service & Info | | | | | | | | | | | | | | | | | | | |
| 75 | 907 Supervision | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | | | | | | | |
| 76 | 908 Cust. Assistance Exp. | \$ 198,765 | \$ - | \$ 198,765 | \$ 3,019 | \$ 201,784 | \$ 5,045 | \$ 8,064 | \$ - | \$ 206,829 | | | | | | | | | |
| 77 | 909 Advertising | \$ 10,617 | \$ - | \$ 10,617 | \$ 161 | \$ 10,778 | \$ 269 | \$ 430 | \$ - | \$ 11,047 | | | | | | | | | |
| 78 | 910 Miscellaneous | \$ 87 | \$ - | \$ 87 | \$ 1 | \$ 88 | \$ 2 | \$ 3 | \$ - | \$ 90 | | | | | | | | | |
| 79 | Total Cust Svc & Info | \$ 209,469 | \$ - | \$ 209,469 | \$ 3,181 | \$ 212,650 | \$ 5,316 | \$ 8,497 | \$ - | \$ 217,966 | | | | | | | | | |
| Sales | | | | | | | | | | | | | | | | | | | |
| 80 | 911 Supervision | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | | | | | | | |
| 81 | 912 Demonstrating & Selling | \$ 179,975 | \$ - | \$ 179,975 | \$ 2,734 | \$ 182,709 | \$ 4,568 | \$ 7,302 | \$ - | \$ 187,277 | | | | | | | | | |
| 82 | 913 Advertising | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | | | | | | | |
| 83 | 916 Misc Cust Serv & Info | \$ 146,454 | \$ - | \$ 146,454 | \$ 2,225 | \$ 148,679 | \$ 3,717 | \$ 5,942 | \$ - | \$ 152,396 | | | | | | | | | |
| 84 | Total Sales | \$ 326,429 | \$ - | \$ 326,429 | \$ 4,959 | \$ 331,388 | \$ 8,285 | \$ 13,244 | \$ - | \$ 339,673 | | | | | | | | | |
| Admin & General | | | | | | | | | | | | | | | | | | | |
| 85 | 920 Salaries | \$ 7,181,131 | \$ (1,301,176) | \$ 5,879,955 | \$ 89,317 | \$ 5,969,272 | \$ 149,232 | \$ 238,549 | \$ 1,320,941 | \$ 7,439,445 | | | | | | | | | |
| 86 | 921 Office Supplies & Exp. | \$ 20,490 | \$ - | \$ 20,490 | \$ 311 | \$ 20,801 | \$ 520 | \$ 831 | \$ - | \$ 21,321 | | | | | | | | | |
| 87 | 923 Outside Services | \$ 1,739 | \$ - | \$ 1,739 | \$ 26 | \$ 1,765 | \$ 44 | \$ 70 | \$ - | \$ 1,809 | | | | | | | | | |
| 88 | 924 Property Ins. Premium | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | | | | | | | |
| 89 | 925 Injuries & Damages | \$ 120,821 | \$ - | \$ 120,821 | \$ 1,835 | \$ 122,656 | \$ 3,066 | \$ 4,901 | \$ - | \$ 125,722 | | | | | | | | | |
| 90 | 926 Empl. Pensions & Bene. | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | | | | | | | |
| 91 | 927 Franchise Requirements | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | | | | | | | |
| 92 | 928 Reg. Comm. Expenses | \$ 506,923 | \$ - | \$ 506,923 | \$ 7,700 | \$ 514,623 | \$ 12,866 | \$ 20,566 | \$ - | \$ 527,489 | | | | | | | | | |
| 93 | 930 Misc. General Exp. | \$ 272,019 | \$ - | \$ 272,019 | \$ 4,132 | \$ 276,151 | \$ 6,904 | \$ 11,036 | \$ - | \$ 283,055 | | | | | | | | | |
| 94 | 931 Rents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | | | | | | | |
| 95 | 935 Mtee. of Gen. Plant | \$ 786,972 | \$ - | \$ 786,972 | \$ 13,363 | \$ 800,335 | \$ 32,013 | \$ 45,376 | \$ - | \$ 832,348 | | | | | | | | | |
| 96 | Total Admin & General | \$ 8,890,095 | \$ (1,301,176) | \$ 7,588,919 | \$ 116,684 | \$ 7,705,603 | \$ 204,645 | \$ 321,329 | \$ 1,320,941 | \$ 9,231,189 | | | | | | | | | |

AVISTA UTILITIES
 Washington Electric System
 Test Year Twelve Months Ended September 30, 2008
 (\$000's of Dollars)

| Line No. | Account/Description | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) |
|----------|----------------------|---------------|-------------------|--------------------|--|----------------------------|--|-----------------------|---------------------|---------------|
| | Total W/A | | Remove Executives | Adjusted Total W/A | 2008 Increase Admin 1.519% Union 1.698% | Adjusted for 2008 Increase | Board Apprvd 2009 Increase Admin 2.50% Union 4.000% | 2008 & 2009 Increases | Add back Executives | Total |
| 97 | Total Electric Labor | \$ 32,545,808 | \$ (1,389,585) | \$ 31,156,223 | \$ 501,544 | \$ 31,657,767 | \$ 1,032,431 | \$ 1,533,975 | \$ 1,410,693 | \$ 34,100,891 |

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Company's Pro Forma Adjustment to Executive Labor Expense

| Line No. | Description | Amount | Source |
|----------|---|---------------------------|-------------|
| 1 | Avista's Pro Forma Increase for Executive Labor | \$ 239,543 | [A] |
| 2 | PC's Recommended Reduction to Executive Labor | <u>\$ (218,435)</u> | |
| 3 | PC's Pro Forma Increase for Executive Labor | <u>\$ 21,108</u> | [B] |
| 4 | Federal Income Tax Rate | <u>35.000%</u> | |
| 5 | Decrease in Federal Income Tax Expense | <u>\$ (7,388)</u> | L. 3 * L. 4 |
| 6 | Decrease in Net Operating Income | <u><u>\$ (13,720)</u></u> | L. 3 - L. 5 |

[A] Exhibit No. __ (EMA-2) Workpaper PF3 4

| | | | |
|-----|--|---------------|-----|
| [B] | Executive Compensation Included in Test Year | \$ 1,389,585 | [C] |
| | Administrative Increase March 2008 | <u>1.519%</u> | [D] |
| | PC Recommended Increase to Executive Comp. | \$ 21,108 | |

[C] Exhibit No. __ (EMA-2) PF3 3

[D] Exhibit No. __ (EMA-2) PF3 4

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Reduce Company's 2008 Pro Forma Capital Additions Adjustment

| Line No. | Description | Amount |
|-----------------------------|--|----------|
| REVENUES | | |
| 1 | Total General Business | |
| 2 | Interdepartmental Sales | |
| 3 | Sales for Resale | |
| 4 | Total Sales of Electricity | |
| 5 | Other Revenue | |
| 6 | Total Electric Revenue | \$ - |
| EXPENSES | | |
| Production and Transmission | | |
| 7 | Operating Expenses | |
| 8 | Purchased Power | |
| 9 | Depreciation and Amortization | \$ 6 |
| 10 | Taxes | \$ 9 |
| 11 | Total Production & Transmission | \$ 15 |
| Distribution | | |
| 12 | Operating Expenses | |
| 13 | Depreciation | |
| 14 | Taxes | |
| 15 | Total Distribution | \$ - |
| 16 | Customer Accounting | |
| 17 | Customer Service & Information | |
| 18 | Sales Expenses | |
| Administrative & General | | |
| 19 | Operating Expenses | |
| 20 | Depreciation | |
| 21 | Taxes | |
| 22 | Total Admin. & General | \$ - |
| 23 | Total Electric Expenses | \$ 15 |
| 24 | Operating Income Before FIT | \$ (15) |
| 25 | Federal Income Tax Rate | 35.000% |
| 26 | Increase in Federal Income Tax Expense | \$ (5) |
| 27 | Increase in Net Operating Income | \$ (10) |
| 28 | RATE BASE | |
| 29 | PLANT IN SERVICE | |
| 30 | Intangible | |
| 31 | Production | \$ 1,312 |
| 32 | Transmission | |
| 33 | Distribution | |
| 34 | General | |
| 35 | Total Plant in Service | \$ 1,312 |
| 36 | ACCUMULATED DEPRECIATION | \$ 1,066 |
| 37 | ACCUM. PROVISION FOR AMORTIZATION | |
| 38 | Total Accum. Depreciation & Amort. | \$ 1,066 |
| 39 | GAIN ON SALE OF BUILDING | |
| 40 | DEFERRED TAXES | \$ (123) |
| 41 | OTHER RATE BASE DEDUCTIONS | |
| 42 | TOTAL RATE BASE | \$ 123 |

Source:

C-4.1

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

2008 Additions

Production Plant Balances

| | <u>Monthly Balance</u> | <u>Difference</u> | <u>Source</u> |
|---------------------------|------------------------|-------------------------------|---------------|
| Sep-08 | \$ 1,024,889,772 | | PC-483 Att. A |
| Oct-08 | \$ 1,027,151,135 | \$ 2,261,363 | |
| Nov-08 | \$ 1,027,226,699 | \$ 75,564 | |
| Dec-08 | \$ 1,030,981,459 | \$ 3,754,760 | |
| | | AMA \$ 2,030,562 | |
| | | WA Electric Allocation 64.59% | |
| PC Recommended Adjustment | \$ | \$ 1,311,540 | |

Accumulated Depreciation

| | <u>Monthly Balance</u> | <u>Difference</u> | <u>Source</u> |
|---------------------------|------------------------|-------------------------------|---------------|
| Sep-08 | \$ (386,130,957) | | PC-483 Att. A |
| Oct-08 | \$ (379,431,028) | \$ 6,699,929 | |
| Nov-08 | \$ (381,583,065) | \$ (2,152,037) | |
| Dec-08 | \$ (381,180,435) | \$ 402,630 | |
| | | AMA \$ 1,650,174 | |
| | | WA Electric Allocation 64.59% | |
| PC Recommended Adjustment | \$ | \$ 1,065,847 | |

Depreciation Expense

| | <u>Monthly Balance</u> | <u>Difference</u> | <u>Source</u> |
|---------------------------|------------------------|-------------------------------|---------------|
| Sep-08 | \$ 2,211,402 | | PC-483 Att. A |
| Oct-08 | \$ 2,212,840 | \$ 1,438 | |
| Nov-08 | \$ 2,216,706 | \$ 3,866 | |
| Dec-08 | \$ 2,221,217 | \$ 4,511 | |
| | | Total \$ 9,815 | |
| | | WA Electric Allocation 64.59% | |
| PC Recommended Adjustment | \$ | \$ 6,340 | |

Accumulated Deferred Income Taxes

| Prod. Plant | | Approximate | |
|---------------------------|-------------------|--------------|--------|
| ADIT | Total Prod. Plant | ADIT Ratio | Source |
| \$ (65,072) | \$ 693,304 | -9.39% | C-1.1 |
| | | \$ 1,311,540 | |
| PC Recommended Adjustment | \$ | \$ (123,098) | |

Property Taxes

| Prod. Plant | | Approximate | |
|---------------------------|-------------------|--------------------|--------|
| Property Taxes | Total Prod. Plant | Property Tax Ratio | Source |
| \$ 4,671 | \$ 693,304 | 0.67% | C-1.1 |
| | | \$ 1,311,540 | |
| PC Recommended Adjustment | \$ | \$ 8,836 | |

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Reduce Company's 2009 Pro Forma Capital Additions Adjustment

| Line No. | Description | Amount |
|-----------------------------|--|------------|
| REVENUES | | |
| 1 | Total General Business | |
| 2 | Interdepartmental Sales | |
| 3 | Sales for Resale | |
| 4 | Total Sales of Electricity | |
| 5 | Other Revenue | |
| 6 | Total Electric Revenue | \$ - |
| EXPENSES | | |
| Production and Transmission | | |
| 7 | Operating Expenses | |
| 8 | Purchased Power | |
| 9 | Depreciation and Amortization | \$ 29 |
| 10 | Taxes | \$ 16 |
| 11 | Total Production & Transmission | \$ 45 |
| Distribution | | |
| 12 | Operating Expenses | |
| 13 | Depreciation | |
| 14 | Taxes | |
| 15 | Total Distribution | \$ - |
| 16 | Customer Accounting | |
| 17 | Customer Service & Information | |
| 18 | Sales Expenses | |
| Administrative & General | | |
| 19 | Operating Expenses | |
| 20 | Depreciation | |
| 21 | Taxes | |
| 22 | Total Admin. & General | \$ - |
| 23 | Total Electric Expenses | \$ 45 |
| 24 | Operating Income Before FIT | \$ (45) |
| 25 | Federal Income Tax Rate | 35.000% |
| 26 | Increase in Federal Income Tax Expense | \$ (16) |
| 27 | Increase in Net Operating Income | \$ (29) |
| 28 | RATE BASE | |
| 29 | PLANT IN SERVICE | |
| 30 | Intangible | |
| 31 | Production | \$ 2,349 |
| 32 | Transmission | |
| 33 | Distribution | |
| 34 | General | |
| 35 | Total Plant in Service | \$ 2,349 |
| 36 | ACCUMULATED DEPRECIATION | \$ (1,343) |
| 37 | ACCUM. PROVISION FOR AMORTIZATION | |
| 38 | Total Accum. Depreciation & Amort. | \$ (1,343) |
| 39 | GAIN ON SALE OF BUILDING | |
| 40 | DEFERRED TAXES | \$ (220) |
| 41 | OTHER RATE BASE DEDUCTIONS | |
| 42 | TOTAL RATE BASE | \$ 3,472 |

Source:

C-5.1

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AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

2009 Additions

Production Plant Balances

| | Monthly Balance | Difference | Source |
|---------------------------|------------------------|---------------------|---------------|
| Dec-08 | \$ 1,030,981,459 | | PC-483 Att. A |
| Jan-09 | \$ 1,031,128,830 | \$ 147,371 | |
| Feb-09 | \$ 1,031,934,549 | \$ 805,719 | |
| Mar-09 | \$ 1,032,351,153 | \$ 416,604 | |
| Apr-09 | \$ 1,032,964,116 | \$ 612,963 | |
| May-09 | \$ 1,051,012,459 | \$ 18,048,343 | |
| Jun-09 | \$ 1,052,801,911 | \$ 1,789,452 | |
| | AMA | \$ 3,636,742 | |
| | WA Electric Allocation | 64.59% | |
| PC Recommended Adjustment | | <u>\$ 2,348,972</u> | |

Accumulated Depreciation

| | Monthly Balance | Difference | Source |
|---------------------------|------------------------|-----------------------|---------------|
| Dec-08 | \$ (381,180,435) | | PC-483 Att. A |
| Jan-09 | \$ (383,392,667) | \$ (2,212,232) | |
| Feb-09 | \$ (385,616,082) | \$ (2,223,415) | |
| Mar-09 | \$ (387,111,091) | \$ (1,495,009) | |
| Apr-09 | \$ (389,341,365) | \$ (2,230,274) | |
| May-09 | \$ (391,588,206) | \$ (2,246,841) | |
| Jun-09 | \$ (393,660,433) | \$ (2,072,227) | |
| | AMA | \$ (2,080,000) | |
| | WA Electric Allocation | 64.59% | |
| PC Recommended Adjustment | | <u>\$ (1,343,472)</u> | |

Depreciation Expense

| | Monthly Balance | Difference | Source |
|---------------------------|------------------------|------------------|---------------|
| Dec-08 | \$ 2,221,217 | | PC-483 Att. A |
| Jan-09 | \$ 2,225,516 | \$ 4,299 | |
| Feb-09 | \$ 2,225,952 | \$ 436 | |
| Mar-09 | \$ 2,226,824 | \$ 872 | |
| Apr-09 | \$ 2,228,013 | \$ 1,189 | |
| May-09 | \$ 2,243,033 | \$ 15,020 | |
| Jun-09 | \$ 2,266,838 | \$ 23,805 | |
| Total | | \$ 45,621 | |
| | WA Electric Allocation | 64.59% | |
| PC Recommended Adjustment | | <u>\$ 29,467</u> | |

Accumulated Deferred Income Taxes

| Prod. Plant ADIT | Total Prod. Plant | Approximate ADIT Ratio | Source |
|------------------|-------------------|------------------------|--------|
| \$ (65,072) | \$ 693,304 | -9.39% | C-1.1 |
| | | \$ 2,348,972 | |
| | | <u>\$ (220,469)</u> | |

Property Taxes

| Prod. Plant Property Taxes | Total Prod. Plant | Approximate Property Tax Ratio | Source |
|----------------------------|-------------------|--------------------------------|--------|
| \$ 4,671 | \$ 693,304 | 0.67% | C-1.1 |
| | | \$ 2,348,972 | |
| | | <u>\$ 15,826</u> | |

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AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Company Pro Forma Adjustment for Couer D'Alene Tribe Settlement

| Line No. | Description | Total Pro forma Adjustment | WA | Amortization of Deferral |
|----------|--|----------------------------------|---|-----------------------------|
| | | | Jurisdictional 2010 Annual Payment | |
| 1 | Total Pro Forma Adjustment Per Company | \$ 828,615 | \$ 258,360 | \$ 570,255 [A] |
| 2 | Recommended Reduction for CDA Settlement | <u>\$ (570,255)</u> | | <u>\$ (570,255)</u> |
| 3 | Pro Forma CDA Settlement Adjustment Per PC | \$ 258,360 | | |
| 4 | Federal Income Tax Rate | <u>35.000%</u> | | |
| 5 | Decrease in Federal Income Tax Expense | <u>\$ (90,426)</u> | L. 3 * L. 4 | |
| 6 | Decrease in Net Operating Income | <u><u>\$ (167,934)</u></u> | L. 3 - L. 5 | |

Source:

[A] PF12 2

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Company's Pro Forma Adjustment for Colstrip Mercury Emission O&M Expense

| Line No. | Description | Amount |
|----------|---|----------------------------|
| 1 | Avista's Pro Forma Increase for Mercury O&M Exp | \$ 1,873,110 [A] |
| 2 | PC's Recommended Reduction to Pro Forma Adj | <u>\$ (631,690) [B]</u> |
| 3 | PC's Pro Forma Increase for Mercury O&M Exp | \$ 1,241,420 |
| 4 | Federal Income Tax Rate | <u>35.00%</u> |
| 5 | Decrease in Federal Income Tax Expense | <u>\$ (434,497)</u> |
| 6 | Decrease in Net Operating Income | <u><u>\$ (806,923)</u></u> |

Source:

| | <u>System Adj</u> | <u>WA Allocated</u> | |
|---|-------------------|---------------------|-----|
| | | 64.59% | |
| Pro Forma O&M Expense per PF 14 2 | \$ 2,900,000 | \$ 1,873,110 | [A] |
| Revised O&M Expense per PC-045 Supplemental | \$ 1,922,000 | <u>\$ 1,241,420</u> | [B] |
| PC's Recommended Reduction for Mercury O&M Exp. | | <u>\$ (631,690)</u> | |

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AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Incentive Compensation

| Line No. | Description | Total Adjustment | Adjust 2008 To Actual | Adjust 2008 to 6-Year Average |
|----------|---|---------------------|--------------------------|-------------------------------------|
| 1 | Pro Forma Incentive Adjustment Per Company | \$ 550,457 | \$ (17,414) | \$ 567,871 [A] |
| 2 | Recommended Reduction to Pro Forma Incentives | <u>\$ (567,871)</u> | | <u>\$ (567,871)</u> |
| 3 | Pro Forma Incentive Adjustment Per PC | \$ (17,414) | \$ (17,414) | |
| 4 | Federal Income Tax Rate | <u>35.000%</u> | | |
| 5 | Increase in Federal Income Tax Expense | <u>\$ 6,095</u> | L. 3 * L. 4 | |
| 6 | Increase in Net Operating Income | <u>\$ 11,319</u> | L. 3 - L. 5 | |

Source: _____

PF15 2

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Company's Pro Forma Adjustment for Insurance Expense

| Line No. | Description | Amount |
|-------------|--|----------------------------|
| 1 | Avista's Original Pro Forma Increase for Insurance | \$ 283,233 [A] |
| 2 | PC's Recommended Reduction to Pro Forma Adj | <u>\$ (64,712) [B]</u> |
| 3 | PC's Pro Forma Increase for Insurance | \$ 218,521 |
| 4 | Federal Income Tax Rate | <u>35.00%</u> |
| 5 | Decrease in Federal Income Tax Expense | <u>\$ (76,482)</u> |
| 6 | Decrease in Net Operating Income | <u><u>\$ (142,039)</u></u> |

Source:

| PF18 [A] | PC-142 [B] | Difference |
|--|--|-------------|
| Adjust Insurance to 2009 Pro Forma (Filed) | Adjust Insurance to 2009 Pro Forma (Revised) | |
| \$ 283,233 | \$ 218,521 | \$ (64,712) |

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Remove 50% of D&O Insurance Expense

| <u>Line No.</u> | <u>Description</u> | <u>Amount</u> | <u>Source</u> |
|-----------------|--|-------------------|---------------|
| 1 | Washington Electric D&O Insurance Expense in Test Year | \$ 816,856 | PC-212 |
| 2 | PC Recommended Disallowance % | <u>-50.000%</u> | |
| 3 | PC Recommended Reduction of D&O Insurance Expense | \$ (408,428) | L. 1 * L. 2 |
| 4 | Federal Income Tax Rate | <u>35.000%</u> | |
| 5 | Increase in Federal Income Tax Expense | <u>\$ 142,950</u> | L. 3 * L. 4 |
| 6 | Increase in Net Operating Income | <u>\$ 265,478</u> | L. 3 - L. 5 |

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Board of Director Meeting Costs

| <u>Line No.</u> | <u>Description</u> | <u>Amount</u> | <u>Source</u> |
|-----------------|---|-------------------------|---------------|
| 1 | System Board of Director Meeting Costs in Test Year | \$ 96,553 | PC-155 |
| 2 | Electric Operations Allocation Factor | <u>71.960%</u> | PC-328 |
| 3 | Amount Allocated to Electric Operations | \$ 69,480 | L. 1 * L. 2 |
| 4 | Washington Electric Operations Allocation Factor | <u>65.097%</u> | PC-328 |
| 5 | Amount allocated to WA Electric Operations | \$ 45,229 | L. 3 * L. 4 |
| 6 | PC Recommended Disallowance % | <u>-50.000%</u> | |
| 7 | PC Recommended Reduction of Director Meeting Costs | \$ (22,615) | L. 5 * L. 6 |
| 8 | Federal Income Tax Rate | <u>35.000%</u> | |
| 9 | Increase in Federal Income Tax Expense | <u>\$ 7,915</u> | L. 7 * L. 8 |
| 10 | Increase in Net Operating Income | <u><u>\$ 14,699</u></u> | L. 7 - L. 9 |

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Board of Director Fees

| <u>Line No.</u> | <u>Description</u> | <u>Amount</u> | <u>Source</u> |
|-----------------|--|-------------------|---------------|
| 1 | System Director Fees in Test Year | \$ 1,162,018 | PC-328 |
| 2 | Electric Operations Allocation Factor | <u>71.960%</u> | PC-328 |
| 3 | Amount Allocated to Electric Operations | \$ 836,188 | L. 1 * L. 2 |
| 4 | Washington Electric Operations Allocation Factor | <u>65.097%</u> | PC-328 |
| 5 | Amount allocated to WA Electric Operations | \$ 544,333 | L. 3 * L. 4 |
| 6 | PC Recommended Disallowance % | <u>-50.000%</u> | |
| 7 | PC Recommended Reduction of Director Fees | \$ (272,167) | L. 5 * L. 6 |
| 8 | Federal Income Tax Rate | <u>35.000%</u> | |
| 9 | Increase in Federal Income Tax Expense | <u>\$ 95,258</u> | L. 7 * L. 8 |
| 10 | Increase in Net Operating Income | <u>\$ 176,908</u> | L. 7 - L. 9 |

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Remove Customer Deposits From Rate Base

| <u>Line No.</u> | <u>Description</u> | <u>Amount</u> |
|---------------------|--|-----------------------|
| 1 | WA AMA Amount of Customer Deposits | \$ 3,825,972 |
| 2 | WA Electric Allocation Factor | <u>64.64%</u> |
| 3 | WA Electric Customer Deposits | <u>\$ (2,473,108)</u> |
| 4 | WA Deposit Interest Paid | \$ 148,151 |
| 5 | WA Electric Allocation Factor | <u>64.64%</u> |
| 6 | WA Electric Interest on Customer Deposits Paid | <u>\$ 95,765</u> |
| 7 | Federal Income Tax Rate | <u>35%</u> |
| 8 | Decrease in Federal Income Tax Expense | <u>\$ (33,518)</u> |
| 9 | Decrease in Net Operating Income | <u>\$ (62,247)</u> |

Source:

Response to Public Counsel Data Request 326

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Remove Injuries & Damages Reserve from Rate Base

| <u>Date</u> | <u>Balance</u> |
|---|----------------------------|
| Sep-07 | \$ 7,534,345 |
| Oct-07 | \$ 7,541,294 |
| Nov-07 | \$ 7,543,680 |
| Dec-08 | \$ 7,556,839 |
| Jan-08 | \$ 7,559,780 |
| Feb-08 | \$ 7,570,366 |
| Mar-08 | \$ 7,628,522 |
| Apr-08 | \$ 7,636,118 |
| May-08 | \$ 7,646,930 |
| Jun-08 | \$ 7,703,789 |
| Jul-08 | \$ 7,719,919 |
| Aug-08 | \$ 7,735,587 |
| Sep-08 | \$ 7,794,539 |
| (Sept. 2007 + Sept. 2008) / 2 | <u>\$ 7,664,442</u> |
| WA Electric AMA | <u><u>\$ 7,625,606</u></u> |
| Federal Income Tax Rate | <u>35%</u> |
| ADIT Associated with Injuries & Damages | <u><u>\$ 2,668,962</u></u> |

Source:
Response to Public Counsel Data Request 210

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

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Interest Synchronization Adjustment

| <u>Line No.</u> | <u>Description</u> | <u>Amount</u> | <u>Source</u> |
|-----------------|---|---------------|---------------|
| 1 | Rate Base, per PC | \$ 942,422 | Sch. B-1a |
| 2 | PC Proposed Weighted Cost of Debt | 3.51% | Sch D |
| 3 | Interest Deduction | \$ 33,079 | L 1 * L 2 |
| 4 | Interest Deduction Per Company | \$ 32,793 | [A] |
| 5 | Difference | \$ 286 | L 3 - L 4 |
| 6 | Federal Income Tax Rate | 35.00% | [A] |
| 7 | Increase (Decrease) to Income Tax Expense | \$ (100) | L 5 * L 6 |

Source:

[A] Exhibit No. __ (EMA-2)WP B16

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Partial Settlement Position

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Overall Cost of Capital, per PC

| <u>Line No.</u> | <u>Description</u> | <u>Capital Structure</u> | <u>Ratio</u> | <u>Cost Rate</u> | <u>Weighted Cost Rate</u> |
|-----------------|-------------------------|--------------------------|--------------|------------------|---------------------------|
| 1 | Total debt | \$ 1,190,915,751 | 53.5% | 6.57% | 3.51% |
| 2 | Common Equity | \$ 996,883,374 | 46.5% | 10.20% | 4.74% |
| 3 | Total Capital Structure | \$ 2,187,799,125 | 100.00% | | 8.25% |

Source/Reference:

The above cost rate amounts are sponsored by PC's witness Mike Gorman and are provided here for ease of reference.