Exhibit _____ (TES-3) Docket No. UE-010395 Witness: Thomas E. Schooley

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Avista Corporation's) **Petition for Recovery of Expenditures** Related to Electric Deferral Mechanism

DOCKET NO. UE-010395

EXHIBIT OF

THOMAS E. SCHOOLEY

STAFF OF WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

RE: AVISTA PETITION FOR 37% EMERGENCY SURCHARGE

August 24, 2001

WUTC DOCKET NO. <u>UE-010395</u> EXHIBIT NO. <u>403</u> ADMIT 🖄 W/D 🖂 REJECT 🖂

Avista Corp. Surcharge Request

Avista Utilities Only

Fixed Charge Coverage Ratio

Without Financing or Surcharge

For the twelve months ended

	(000°s)		add back	Adjusted
	•	December-01		December-01
1	Net Income	53,649		
2	!	33,048		53,649
4	Depreciation & Amortization	64,419		64,419
5	Net FIT Expense	25,600		25,600
	Interest Expense	105,248		105,248
9 10	Non-cash capitalized interest	-20,696		-20,696
-	Other non-cash items	2,445		2,445
13	Subsidiary Earnings			
14	Avista Energy	-57,463		-57,463
	All Other	39,161		39,161
16				
17 18	Deferrals-After tax	-138,857		-138,857
19 20	Draws under Revolving Credit Line	-263,699	178,214	-85,485
21	Cash Available		-	
22	T-4-1	400.400		
	Total	-190,193		-11,979
24 25				
	Interest Paid	99,406		99,406
	Non-cash capitalized interest	-20,696		-20,696
	Total Fixed Charges	78,710	-	78,710
29		. 0, 0		70,710
30				
31	Fixed Charge Ratio			
32	Projected	-2.42		-0.15
33				
	Minimum	1.25		1.25
35				
36	Net FIT Occupio			
	Net FIT-Operating	8,096		8,096
	Deferred FIT-Nonoperating	-119		-119
	FIT-Nonoperating Net FIT Expense	17,623	-	17,623
41	Neti II Expense	25,600		25,600
42				
	Interest on LT Debt	94,083		94,083
	Interest-Other	6,732		6,732
45	Net Amort Debt Disc/Exp	4,433		4,433
46	Total Interest Expense	105,248	-	105,248
47				
	Deferrals-Pretax			
	Electric	-214,782		-214,782
	Gas	-7,389	_	-7,389
51 52	Total	-222,171		-222,171
	AFUDC	-9,830		-9,830
	Interest on deferrals	-10,866		-10,866
	Total Non-cash Capitalized Interest	-20,696	-	-20,696
56		•		
	Gain/Loss on asset dispositions	0		0
	Non-monetary power exchanges	2,445	_	2,445
59	Total other non-cash items	2,445		2,445

UE-010395 Exhibit ____ (TES-3) Page 1

Incremental Cash Necessary to Meet Fixed Charge Coverage Requirements (in thousands)

!	,	Annual	4th Qtr 2001
1	Fixed charges	78,710	
2	required ratio	1.25	
3	cash required	98,388	
4			
5	adjusted deficit	(11,979)	
6	annual increment needed	110,366	
7	4th quarter load %		25.2%
8			
9	Annual cash provision	110,366	27,812
10	Washington allocation @	66.99%	
11	Washington cash provided	73,934	18,631
12	revenue sensitive gross up	95.63%	
13	Surcharge indicated	77,315	19,483
14		•	
15	Utility Revenue-annual	236,966	
16	4th quarter revenues		59,715
17	Surcharge % indicated	32.6%	32.6%
		•	

Sources:

Avista workpapers for RRP-1

Avista Response to Staff Data Request No. 166

Sources:

Without Financing or Surcharge

For the twelve months ended

CRITICAL WATER IN 2001 ASSUMED (000's)

	CRITICAL WATER IN 2001 ASSUM (000's)	IED	add back	Adjusted
	(000 5)	December-01	add back financings	Adjusted December-01
	Net Income	53,649	_ ,	53,649
2 3 4	Depreciation & Amortization	64,419		64,419
-	Net FIT Expense	25,600		25,600
	Interest Expense	105,248		105,248
	Non-cash capitalized interest	-20,696		-20,696
	Other non-cash items	2,445		2,445
13	Subsidiary Earnings			
	Avista Energy	-57,463		-57,463
15	All Other	39,161		39,161
16 17 18	Deferrals-After tax	-132,148		-132,148
	Draws under Revolving Credit Line	-263,699	178,214	-85,485
	Cash Available		_	
22	T-1-1	400 404	•	
	Total	-183,484		-5,270
24 25				
	Interest Paid	99,406		99,406
	Non-cash capitalized interest	-20,696		-20,696
	Total Fixed Charges	78,710	•	78,710
29	G			
30				
	Fixed Charge Ratio			
	Projected	-2.33		-0.07
33	Minimum	1.25		1.25
35		1.25		1.25
36	Brokeninal (ancieny) - 500	fig.		. Salid
	Net FIT-Operating	8,096		8,096
	Deferred FIT-Nonoperating	-119		-119
	FIT-Nonoperating	17,623		17,623
41	Net FIT Expense	25,600		25,600
42				
	Interest on LT Debt	94,083		94,083
	Interest-Other	6,732		6,732
45	Net Amort Debt Disc/Exp	4,433		4,433
46	Total Interest Expense	105,248	-	105,248
47				
	Deferrals-Pretax		africii e'' ''i et '' Yillebilli	
	Electric Gas	-204,047		-204,047
51	Total	-7,389 -211,436	-	-7,389 -211,436
52	i olai	-211,430		- <u>4</u> 11,430
	AFUDC	-9,830		-9,830
	Interest on deferrals	-10,866		-10,866
	Total Non-cash Capitalized Interest	-20,696	-	-20,696
56	_			
	Gain/Loss on asset dispositions	0		0
	Non-monetary power exchanges	2,445	-	2,445
59	Total other non-cash items	2,445		2,445

Avista workpapers for RRP-1 Avista workpapers for DMF-1

Avista Response to Staff Data Request 170

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Incremental Cash Necessary to Meet Fixed Charge Coverage Requirements

	i inca charge coverage requ	uncincino		
	(in thousands)	Critical water assumed		
		Annual	4th Qtr 2001	
1	Fixed charges	78,710		
2	required ratio	1.25		
3	cash required	98,388		
4				
5	adjusted deficit	(5,270)		
6	annual increment needed	103,657		
7	4th quarter load %		25.2%	
8				
9	Annual cash provision	103,657	26,122	
	Washington allocation @	66.99%		
11	Washington cash provided	69,440	17,499	
12	revenue sensitive gross up	95.63%		
13	Annual Surcharge indicated	72,615	18,299	
14				
15	Utility Revenue-annual	236,966		
	4th quarter revenues	,	59,715	
17	Surcharge % indicated	30.6%	30.6%	

Without Financing or Surcharge

For the twelve months ended

MODREAL	MAZED	181 0004	ASSUMED
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	***	200 .	700011120

	(000's)		add back	Adjusted
		December-01	financings	December-01
	Net Income	53,649		53,649
2 3 4	Depreciation & Amortization	64,419		64,419
	Net FIT Expense	25,600		25,600
	Interest Expense	105,248		105,248
9 10	Non-cash capitalized interest	-20,696		-20,696
12	Other non-cash items	2,445		2,445
	Subsidiary Earnings	400		
	Avista Energy	-57,463		-57,463
	All Other	39,161		39,161
16 17 18	Deferrals-After tax	-124,421		-124,421
	Draws under Revolving Credit Line	-263,699	178,214	-85,485
21	Cash Available			
22				
	Total	-175,757	:	2,457
24				
25	Internal Daid	00.400		00.400
	Interest Paid	99,406		99,406
	Non-cash capitalized interest	-20,696	•	-20,696
29	Total Fixed Charges	78,710		78,710
30				
	Fixed Charge Ratio			
	Projected	-2.23		0.03
33	•			
34	Minimum	1.25		1.25
35				
	Baokoronia (or above			
	Net FIT-Operating	8,096		8,096
	Deferred FIT-Nonoperating FIT-Nonoperating	-119 17,623		-119 17,623
	Net FIT Expense	25,600		25,600
41	Noti III Expense	23,000		25,000
42				
43	Interest on LT Debt	94,083		94,083
44	Interest-Other	6,732		6,732
45	Net Amort Debt Disc/Exp	4,433	-	4,433
	Total Interest Expense	105,248		105,248
47				
	Deferrals-Pretax	Secret Law West	59855000, P4-9-75	
	Electric	-191,685		-191,685
51	Gas Total	-7,389 -199,074		-7,389
52	Total	-199,074		-199,074
-	AFUDC	-9,830		-9,830
	Interest on deferrals	-10,866		-10,866
	Total Non-cash Capitalized Interest	-20,696	•	-20,696
56	·	-		
57	Gain/Loss on asset dispositions	0		0
	Non-monetary power exchanges	2,445		2,445
59	Total other non-cash items	2,445		2,445

Sources:

Avista workpapers for RRP-1 Avista workpapers for DMF-1 Avista Response to Staff Data Request 170 UE-010395 Exhibit ____ (TES-3) Page 3

Incremental Cash Necessary to Meet Fixed Charge Coverage Requirements

Normal Water Assumed	
Annual	4th Qtr 2001
78 710	
·	
00,000	
2,457	
95,931	
	25.2%
95,931	24,175
66.99%	
64,264	16,195
95.63%	
d 67,202	16,935
236,966	
	59,715
28.4%	28.4%
	78,710 1.25 98,388 2,457 95,931 95,931 66,99% 64,264 95,63% d 67,202