

BEFORE THE WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

DOCKET NO. UE-99 _____

Exhibit No. 28

Witness: Don M. Falkner, Avista Corp.

WUTC

DOCKET NO. UE-991606

EXHIBIT # 228

ADMIT

W/D

REJECT

AVISTA UTILITIES
 ELECTRIC RESULTS OF OPERATION
 WASHINGTON PRO FORMA RESULTS
 TWELVE MONTHS ENDED DECEMBER 31, 1998
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	WITH PRESENT RATES			WITH PROPOSED RATES	
		Actual Per Results Report	Total Adjustments	Pro Forma Total	Proposed Revenues & Related Exp	Pro Forma Proposed Total
	a	b	c	d	e	f
REVENUES						
1	Total General Business	\$253,536	\$(2,417)	\$251,119	\$26,253	\$277,372
2	Interdepartmental Sales	640		640		640
3	Sales for Resale	306,373	(211,463)	94,910		94,910
4	Total Sales of Electricity	560,549	(213,880)	346,669	26,253	372,922
5	Other Revenue	16,217	(3,022)	13,195		13,195
6	Total Electric Revenue	576,766	(216,902)	359,864	26,253	386,117
EXPENSES						
Production and Transmission						
7	Operating Expenses	64,520	(1,576)	62,944		62,944
8	Purchased Power	315,272	(208,149)	107,123		107,123
9	Depreciation and Amortization	17,857	(949)	16,908		16,908
10	Taxes	10,517	(50)	10,467		10,467
11	Total Production & Transmission	408,166	(210,724)	197,442	0	197,442
Distribution						
12	Operating Expenses	10,621	268	10,889		10,889
13	Depreciation	8,188	636	8,824		8,824
14	Taxes	22,389	(7,918)	14,471	1,013	15,484
15	Total Distribution	41,198	(7,014)	34,184	1,013	35,197
16	Customer Accounting	7,227	(1,337)	5,890	92	5,982
17	Customer Service & Information	6,630	42	6,672		6,672
18	Sales Expenses	383	4	387		387
Administrative & General						
19	Operating Expenses	33,046	1,393	34,439	70	34,509
20	Depreciation	2,686	1,811	4,497		4,497
21	Taxes	75	(1)	74		74
22	Total Admin. & General	35,807	3,203	39,010	70	39,080
23	Total Electric Expenses	499,411	(215,826)	283,585	1,175	284,760
24	OPERATING INCOME BEFORE FIT	77,355	(1,076)	76,279	25,078	101,357
FEDERAL INCOME TAX						
25	Current Accrual	12,948	4,057	17,005	8,777	25,782
26	Deferred Income Taxes	2,700	420	3,120		3,120
27	Amortized Investment Tax Credit	(26)		(26)		(26)
28	SETTLEMENT EXCHANGE POWER		6,409	6,409		6,409
29	NET OPERATING INCOME	\$61,733	(\$11,962)	\$49,771	\$16,301	\$66,072
RATE BASE						
PLANT IN SERVICE						
30	Intangible	\$3,318	\$9,738	\$13,056		\$13,056
31	Production	473,394	15,176	488,570		488,570
32	Transmission	176,604		176,604		176,604
33	Distribution	364,352	(1,361)	362,991		362,991
34	General	54,525		54,525		54,525
35	Total Plant in Service	1,072,193	23,553	1,095,746	0	1,095,746
36	ACCUMULATED DEPRECIATION	333,117	(3,270)	329,847		329,847
37	ACCUM. PROVISION FOR AMORTIZATION	2,947	110	3,057		3,057
38	Total Accum. Depreciation & Amort.	336,064	(3,160)	332,904	0	332,904
39	GAIN ON SALE OF BUILDING		(1,768)	(1,768)		(1,768)
40	DEFERRED TAXES		(98,231)	(98,231)		(98,231)
41	TOTAL RATE BASE	\$736,129	(\$73,286)	\$662,843	\$0	\$662,843
42	RATE OF RETURN	8.39%		7.51%		9.97%

Calculation of Revenue Requirement
 Washington - Electric System
 Twelve Months Ended December 31, 1998

Line No.	Description	(000's of Dollars)
1	Pro Forma Rate Base excl Kettle Falls	\$635,985
2	Proposed Rate of Return	9.930%
3	Net Operating Income Requirement	<u>\$63,153</u>
4	Kettle Falls Rate Base	\$26,858
5	Proposed Rate of Return w/2% incentive	10.870%
6	Net Operating Income Requirement	<u>\$2,919</u>
7	Total Net Oper Income Requirement	\$66,072
8	Pro Forma Net Operating Income	<u>\$49,771</u>
9	Net Operating Income Deficiency	\$16,301
10	Conversion Factor	0.620919
11	Revenue Requirement	<u>\$26,253</u>
12	Total General Business Revenues	\$251,759
13	Percentage Revenue Increase	<u>10.43%</u>
Kettle Falls Rate Base Calculation		
1997 Balances		
15	Plant Accounts	\$91,666
16	Accum Depr	<u>(34,152)</u>
17	Net Plant	57,514
18	Accum Deferred FIT	(15,741)
19	Net Disallowance	<u>(1,949)</u>
20	Net Kettle Falls Rate Base	<u>39,824</u>
1998 Balances		
21	Plant Accounts	\$90,176
22	Accum Depr	<u>(33,506)</u>
23	Net Plant	56,670
24	Accum Deferred FIT	(14,470)
25	Net Disallowance	<u>(1,841)</u>
26	Net Kettle Falls Rate Base	<u>40,359</u>
27	Average Net Kettle Falls Rate Base	\$40,092
28	Washington Prod/Trans Ratio	<u>66.990%</u>
29	Washington Kettle Falls Rate Base	<u>\$26,858</u>

AVISTA UTILITIES
Revenue Conversion Factor
Washington - Electric System
Twelve Months Ended December 31, 1998

Line No.	Description	Factor
1	Revenues	1.000000
	Expense:	
2	Uncollectibles	0.003513
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038594
5	Franchise Fees	0.000632
6	Total Expense	<u>0.044739</u>
7	Net Operating Income Before FIT	0.955261
8	Federal Income Tax @ 35%	<u>0.334341</u>
9	REVENUE CONVERSION FACTOR	<u><u>0.620919</u></u>

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 1998
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Per Results Report	Deferred FIT Rate Base	Deferred Gain on Office Building	Colstrip 3 AFUDC Elimination	Colstrip Common AFUDC	Kettle Falls Disallow.
	a	b	c	d	e	f	g
REVENUES							
1	Total General Business	\$253,536					
2	Interdepartmental Sales	640					
3	Sales for Resale	306,373					
4	Total Sales of Electricity	560,549	0	0	0	0	0
5	Other Revenue	16,217					
6	Total Electric Revenue	576,766	0	0	0	0	0
EXPENSES							
Production and Transmission							
7	Operating Expenses	64,520					
8	Purchased Power	315,272					
9	Depreciation and Amortization	17,857			(208)		(164)
10	Taxes	10,517					
11	Total Production & Transmission	408,166	0	0	(208)	0	(164)
Distribution							
12	Operating Expenses	10,621					
13	Depreciation	8,188					
14	Taxes	22,389					
15	Total Distribution	41,198	0	0	0	0	0
16	Customer Accounting	7,227					
17	Customer Service & Information	6,630					
18	Sales Expenses	383					
Administrative & General							
19	Operating Expenses	33,046					
20	Depreciation	2,686					
21	Taxes	75					
22	Total Admin. & General	35,807	0	0	0	0	0
23	Total Electric Expenses	499,411	0	0	(208)	0	(164)
24	OPERATING INCOME BEFORE FIT	77,355	0	0	208	0	164
FEDERAL INCOME TAX							
25	Current Accrual	12,948					
26	Deferred Income Taxes	2,700					56
27	Amortized Investment Tax Credit	(26)					
28	SETTLEMENT EXCHANGE POWER						
29	NET OPERATING INCOME	\$61,733	\$0	\$0	\$208	\$0	\$108
RATE BASE							
PLANT IN SERVICE							
30	Intangible	\$3,318					
31	Production	473,394			(6,916)	746	(5,248)
32	Transmission	176,604					
33	Distribution	364,352					
34	General	54,525					
35	Total Plant in Service	1,072,193	0	0	(6,916)	746	(5,248)
36	ACCUMULATED DEPRECIATION	333,117			(3,180)		(2,291)
37	ACCUM. PROVISION FOR AMORTIZATION	2,947					
38	Total Accum. Depreciation & Amort.	336,064	0	0	(3,180)	0	(2,291)
39	GAIN ON SALE OF BUILDING			(1,768)			
40	DEFERRED TAXES		(100,720)	618			1,116
41	TOTAL RATE BASE	\$736,129	(\$100,720)	(\$1,150)	(\$3,736)	\$746	(\$1,841)
42	RATE OF RETURN						

AVISTA UTILITIES
 ELECTRIC RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 TWELVE MONTHS ENDED DECEMBER 31, 1998
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Clearwater Hydro	Weatherizn and DSM Investment	Customer Advances	Settlement Exchange Power	Subtotal Actual	Eliminate B & O Taxes
	a	h	i	j	k	-	l
REVENUES							
1	Total General Business					\$253,536	\$ (7,998)
2	Interdepartmental Sales					640	
3	Sales for Resale					306,373	
4	Total Sales of Electricity	0	0	0	0	560,549	(7,998)
5	Other Revenue					16,217	(42)
6	Total Electric Revenue	0	0	0	0	576,766	(8,040)
EXPENSES							
Production and Transmission							
7	Operating Expenses					64,520	
8	Purchased Power					315,272	
9	Depreciation and Amortization				(2,532)	14,953	
10	Taxes					10,517	
11	Total Production & Transmission	0	0	0	(2,532)	405,262	0
Distribution							
12	Operating Expenses					10,621	
13	Depreciation					8,188	
14	Taxes					22,389	(7,982)
15	Total Distribution	0	0	0	0	41,198	(7,982)
16	Customer Accounting					7,227	
17	Customer Service & Information					6,630	
18	Sales Expenses					383	
Administrative & General							
19	Operating Expenses					33,046	
20	Depreciation					2,686	
21	Taxes					75	
22	Total Admin. & General	0	0	0	0	35,807	0
23	Total Electric Expenses	0	0	0	(2,532)	496,507	(7,982)
24	OPERATING INCOME BEFORE FIT	0	0	0	2,532	80,259	(58)
FEDERAL INCOME TAX							
25	Current Accrual					12,948	(20)
26	Deferred Income Taxes				455	3,211	
27	Amortized Investment Tax Credit					(26)	
28	SETTLEMENT EXCHANGE POWER				6,409	6,409	
29	NET OPERATING INCOME	\$0	\$0	\$0	(\$4,332)	\$57,717	(\$38)
RATE BASE							
PLANT IN SERVICE							
30	Intangible					\$3,318	
31	Production	43	26,551			488,570	
32	Transmission					176,604	
33	Distribution			(1,361)		362,991	
34	General					54,525	
35	Total Plant in Service	43	26,551	(1,361)	0	1,086,008	0
36	ACCUMULATED DEPRECIATION					327,646	
37	ACCUM. PROVISION FOR AMORTIZATION					2,947	
38	Total Accum. Depreciation & Amort.	0	0	0	0	330,593	0
39	GAIN ON SALE OF BUILDING					(1,768)	
40	DEFERRED TAXES					(99,001)	
41	TOTAL RATE BASE	\$28	\$26,551	(\$1,361)	\$0	\$654,646	\$0
42	RATE OF RETURN					8.82%	

AVISTA UTILITIES
 ELECTRIC RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 TWELVE MONTHS ENDED DECEMBER 31, 1998
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Pro Forma Property Tax	Uncollect. Expense	Regulatory Expense	Injuries and Damages	FIT	Pro Forma Restate Debt Interest
	a	m	n	o	p	q	r
REVENUES							
1	Total General Business						
2	Interdepartmental Sales						
3	Sales for Resale						
4	Total Sales of Electricity	0	0	0	0	0	0
5	Other Revenue						
6	Total Electric Revenue	0	0	0	0	0	0
EXPENSES							
Production and Transmission							
7	Operating Expenses						
8	Purchased Power						
9	Depreciation and Amortization						
10	Taxes	(50)					
11	Total Production & Transmission	(50)	0	0	0	0	0
Distribution							
12	Operating Expenses						
13	Depreciation						
14	Taxes	(76)					
15	Total Distribution	(76)	0	0	0	0	0
16	Customer Accounting		32				
17	Customer Service & Information						
18	Sales Expenses						
Administrative & General							
19	Operating Expenses			123	2,329		
20	Depreciation						
21	Taxes	(1)					
22	Total Admin. & General	(1)	0	123	2,329	0	0
23	Total Electric Expenses	(127)	32	123	2,329	0	0
24	OPERATING INCOME BEFORE FIT	127	(32)	(123)	(2,329)	0	0
FEDERAL INCOME TAX							
25	Current Accrual	44	(11)	(43)	(815)	3,321	2,128
26	Deferred Income Taxes					(91)	
27	Amortized Investment Tax Credit						
28	SETTLEMENT EXCHANGE POWER						
29	NET OPERATING INCOME	\$83	(\$21)	(\$80)	(\$1,514)	(\$3,230)	(\$2,128)
RATE BASE							
PLANT IN SERVICE							
30	Intangible						
31	Production						
32	Transmission						
33	Distribution						
34	General						
35	Total Plant in Service	0	0	0	0	0	0
36	ACCUMULATED DEPRECIATION						
37	ACCUM. PROVISION FOR AMORTIZATION						
38	Total Accum. Depreciation & Amort.	0	0	0	0	0	0
39	GAIN ON SALE OF BUILDING						
40	DEFERRED TAXES						
41	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0
42	RATE OF RETURN						

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 1998
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Eliminate A/R Expenses	Office Space Charges to Subs.	Reclass DADs/MOPs Revenues	Restated TOTAL
	a	s	t	u	v
REVENUES					
1	Total General Business			\$1,941	\$247,479
2	Interdepartmental Sales				640
3	Sales for Resale				306,373
4	Total Sales of Electricity	0	0	1,941	554,492
5	Other Revenue			(1,941)	14,234
6	Total Electric Revenue	0	0	0	568,726
EXPENSES					
Production and Transmission					
7	Operating Expenses				64,520
8	Purchased Power				315,272
9	Depreciation and Amortization				14,953
10	Taxes				10,467
11	Total Production & Transmission	0	0	0	405,212
Distribution					
12	Operating Expenses				10,621
13	Depreciation				8,188
14	Taxes				14,331
15	Total Distribution	0	0	0	33,140
16	Customer Accounting	(1,497)			5,762
17	Customer Service & Information				6,630
18	Sales Expenses				383
Administrative & General					
19	Operating Expenses		(24)		35,474
20	Depreciation				2,686
21	Taxes				74
22	Total Admin & General	0	(24)	0	38,234
23	Total Electric Expenses	(1,497)	(24)	0	489,361
24	OPERATING INCOME BEFORE FIT	1,497	24	0	79,365
FEDERAL INCOME TAX					
25	Current Accrual	524	8		18,084
26	Deferred Income Taxes				3,120
27	Amortized Investment Tax Credit				(26)
28	SETTLEMENT EXCHANGE POWER				6,409
29	NET OPERATING INCOME	\$973	\$16	\$0	\$51,778
RATE BASE					
PLANT IN SERVICE					
30	Intangible				\$3,318
31	Production				488,570
32	Transmission				176,604
33	Distribution				362,991
34	General				54,525
35	Total Plant in Service	0	0	0	1,086,008
36	ACCUMULATED DEPRECIATION				327,646
37	ACCUM. PROVISION FOR AMORTIZATION				2,947
38	Total Accum. Depreciation & Amort.	0	0	0	330,593
39	GAIN ON SALE OF BUILDING				(1,768)
40	DEFERRED TAXES				(99,001)
41	TOTAL RATE BASE	\$0	\$0	\$0	\$654,646
42	RATE OF RETURN				7.91%

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 1998
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Pro Forma Power Supply 7/00-6/01	Pro Forma Potlatch 7/00-6/01	Pro Forma Depr Adj	Pro Forma Hydro Rel Adj	Pro Forma Comm Trade Adj	Pro Forma Nez Perce Adj
	a	PF1	PF2	PF3	PF4	PF5	PF6
REVENUES							
1	Total General Business		\$1,096				
2	Interdepartmental Sales						
3	Sales for Resale	(211,463)					
4	Total Sales of Electricity	(211,463)	1,096	0	0	0	0
5	Other Revenue	(1,039)					
6	Total Electric Revenue	(212,502)	1,096	0	0	0	0
EXPENSES							
Production and Transmission							
7	Operating Expenses	(3,660)			1,467	(306)	584
8	Purchased Power	(208,149)					
9	Depreciation and Amortization			1,955			
10	Taxes						
11	Total Production & Transmission	(211,809)	0	1,955	1,467	(306)	584
Distribution							
12	Operating Expenses						
13	Depreciation			636			
14	Taxes		42				
15	Total Distribution	0	42	636	0	0	0
16	Customer Accounting						
17	Customer Service & Information						
18	Sales Expenses						
Administrative & General							
19	Operating Expenses		3				
20	Depreciation			1,811			
21	Taxes						
22	Total Admin. & General	0	3	1,811	0	0	0
23	Total Electric Expenses	(211,809)	45	4,402	1,467	(306)	584
24	OPERATING INCOME BEFORE FIT	(693)	1,051	(4,402)	(1,467)	306	(584)
FEDERAL INCOME TAX							
25	Current Accrual	(243)	368	(1,541)	(513)	107	(204)
26	Deferred Income Taxes						
27	Amortized Investment Tax Credit						
28	SETTLEMENT EXCHANGE POWER						
29	NET OPERATING INCOME	(\$450)	\$683	(\$2,861)	(\$954)	\$199	(\$380)
RATE BASE							
PLANT IN SERVICE							
30	Intangible				\$9,387		
31	Production						
32	Transmission						
33	Distribution						
34	General						
35	Total Plant in Service	0	0	0	9,387	0	0
36	ACCUMULATED DEPRECIATION			2,201			
37	ACCUM. PROVISION FOR AMORTIZATION				110		
38	Total Accum. Depreciation & Amort.	0	0	2,201	110	0	0
39	GAIN ON SALE OF BUILDING						
40	DEFERRED TAXES			770			
41	TOTAL RATE BASE	\$0	\$0	(\$1,431)	\$9,277	\$0	\$0
42	RATE OF RETURN						

AVISTA UTILITIES
 ELECTRIC RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 TWELVE MONTHS ENDED DECEMBER 31, 1998
 (000'S OF DOLLARS)

Line No.	DESCRIPTION a	Pro Forma Labor/Benefit Adj PF7	Pro Forma Revenue Adj PF8	Pro Forma Misc. Adjs PF9	Pro Forma MOPS Adjs PF10	Pro Forma TOTAL PF11
REVENUES						
1	Total General Business		\$2,544			\$251,119
2	Interdepartmental Sales					640
3	Sales for Resale					94,910
4	Total Sales of Electricity	0	2,544	0	0	346,669
5	Other Revenue					13,195
6	Total Electric Revenue	0	2,544	0	0	359,864
EXPENSES						
Production and Transmission						
7	Operating Expenses	339				62,944
8	Purchased Power					107,123
9	Depreciation and Amortization					16,908
10	Taxes					10,467
11	Total Production & Transmission	339	0	0	0	197,442
Distribution						
12	Operating Expenses	268				10,889
13	Depreciation					8,824
14	Taxes		98			14,471
15	Total Distribution	268	98	0	0	34,184
16	Customer Accounting	119	9			5,890
17	Customer Service & Information	5	37			6,672
18	Sales Expenses	4				387
Administrative & General						
19	Operating Expenses	(141)	7	(1,045)	141	34,439
20	Depreciation					4,497
21	Taxes					74
22	Total Admin. & General	(141)	7	(1,045)	141	39,010
23	Total Electric Expenses	594	151	(1,045)	141	283,585
24	OPERATING INCOME BEFORE FIT	(594)	2,393	1,045	(141)	76,279
FEDERAL INCOME TAX						
25	Current Accrual	(208)	838	366	(49)	17,005
26	Deferred Income Taxes					3,120
27	Amortized Investment Tax Credit					(26)
28	SETTLEMENT EXCHANGE POWER					6,409
29	NET OPERATING INCOME	(\$386)	\$1,555	\$679	(\$92)	\$49,771
RATE BASE						
PLANT IN SERVICE						
30	Intangible				\$351	\$13,056
31	Production					488,570
32	Transmission					176,604
33	Distribution					362,991
34	General					54,525
35	Total Plant in Service	0	0	0	351	1,095,746
36	ACCUMULATED DEPRECIATION					329,847
37	ACCUM. PROVISION FOR AMORTIZATION					3,057
38	Total Accum. Depreciation & Amort.	0	0	0	0	332,904
39	GAIN ON SALE OF BUILDING					(1,768)
40	DEFERRED TAXES					(98,231)
						0
41	TOTAL RATE BASE	\$0	\$0	\$0	\$351	\$662,843
42	RATE OF RETURN					7.51%