

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-05 _____

EXHIBIT NO. _____ (DMF-2)

DON M. FALKNER

REPRESENTING AVISTA CORPORATION

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON PRO FORMA RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2004
(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	\$323,681	\$ (38,282)	\$285,399	\$35,833	\$321,232
2	Interdepartmental Sales	752		752		752
3	Sales for Resale	58,640	(18,180)	40,460		40,460
4	Total Sales of Electricity	383,073	(56,462)	326,611	35,833	362,444
5	Other Revenue	53,644	(45,057)	8,587		8,587
6	Total Electric Revenue	436,717	(101,519)	335,198	35,833	371,031
EXPENSES						
Production and Transmission						
7	Operating Expenses	130,540	(28,696)	101,844		101,844
8	Purchased Power	97,537	(46,495)	51,042		51,042
9	Depreciation and Amortization	16,259	7,345	23,604		23,604
10	Taxes	7,551	3	7,554		7,554
11	Total Production & Transmission	251,887	(67,843)	184,044	0	184,044
Distribution						
12	Operating Expenses	12,289	812	13,101		13,101
13	Depreciation	10,044	23	10,067		10,067
14	Taxes	29,575	(12,174)	17,401	1,383	18,784
15	Total Distribution	51,908	(11,339)	40,569	1,383	41,952
16	Customer Accounting	8,444	(902)	7,542	114	7,656
17	Customer Service & Information	7,220	(6,951)	269		269
18	Sales Expenses	703	6	709		709
Administrative & General						
19	Operating Expenses	32,768	(314)	32,454	68	32,522
20	Depreciation	4,370	1,715	6,085		6,085
21	Taxes		3	3		3
22	Total Admin. & General	37,138	1,404	38,542	68	38,610
23	Total Electric Expenses	357,300	(85,625)	271,675	1,565	273,240
24	OPERATING INCOME BEFORE FIT	79,417	(15,894)	63,523	34,268	97,791
FEDERAL INCOME TAX						
25	Current Accrual	11,617	(3,605)	8,012	11,994	20,006
26	Deferred Income Taxes	2,004	(1,177)	827		827
27	Amortized Investment Tax Credit					
28	SETTLEMENT EXCHANGE POWER					
29	NET OPERATING INCOME	\$65,796	(\$11,112)	\$54,684	\$22,274	\$76,958
RATE BASE						
PLANT IN SERVICE						
30	Intangible	\$21,374		\$21,374		\$21,374
31	Production	559,199	92,111	651,310		651,310
32	Transmission	210,579	21,503	232,082		232,082
33	Distribution	459,739	(223)	459,516		459,516
34	General	63,155		63,155		63,155
35	Total Plant in Service	1,314,046	113,391	1,427,437	0	1,427,437
36	ACCUMULATED DEPRECIATION	436,127	(7,898)	428,229		428,229
37	ACCUM. PROVISION FOR AMORTIZATION	10,630	37,158	47,788		47,788
38	Total Accum. Depreciation & Amort.	446,757	29,260	476,017	0	476,017
39	GAIN ON SALE OF BUILDING		(715)	(715)		(715)
40	DEFERRED TAXES		(154,860)	(154,860)		(154,860)
41	TOTAL RATE BASE	\$867,289	(\$71,444)	\$795,845	\$0	\$795,845
42	RATE OF RETURN	7.59%		6.87%		9.67%

AVISTA UTILITIES
Calculation of General Revenue Requirement
Washington - Electric System
TWELVE MONTHS ENDED DECEMBER 31, 2004

Line No.	Description	(000's of Dollars)
1	Pro Forma Rate Base	\$795,845
2	Proposed Rate of Return	<u>9.670%</u>
3	Net Operating Income Requirement	\$76,958
4	Pro Forma Net Operating Income	<u>\$54,684</u>
5	Net Operating Income Deficiency	\$22,274
6	Conversion Factor	0.621611
7	Revenue Requirement	\$35,833
8	Total General Business Revenues	\$286,151
9	Percentage Revenue Increase	<u><u>12.52%</u></u>

AVISTA UTILITIES
Revenue Conversion Factor
Washington - Electric System
TWELVE MONTHS ENDED DECEMBER 31, 2004

<u>Line No.</u>	<u>Description</u>	<u>Factor</u>
1	Revenues	1.000000
	Expense:	
2	Uncollectibles	0.003168
3	Commission Fees	0.001900
4	Washington Excise Tax	0.038607
5	Franchise Fees	0.000000
6	Total Expense	<u>0.043675</u>
7	Net Operating Income Before FIT	0.956325
8	Federal Income Tax @ 35%	<u>0.334714</u>
9	REVENUE CONVERSION FACTOR	<u><u>0.621611</u></u>

AVISTA UTILITIES
 ELECTRIC RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 TWELVE MONTHS ENDED DECEMBER 31, 2004
 (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.	Customer Advances	Settlement Exchange Power
	a	b	c	d	e	f	g	h	i
REVENUES									
1	Total General Business	\$323,681							
2	Interdepartmental Sales	752							
3	Sales for Resale	58,640							
4	Total Sales of Electricity	383,073	0	0	0	0	0	0	0
5	Other Revenue	53,644							
6	Total Electric Revenue	436,717	0	0	0	0	0	0	0
EXPENSES									
Production and Transmission									
7	Operating Expenses	130,540							
8	Purchased Power	97,537							
9	Depreciation and Amortization	16,259			(221)		(135)		
10	Taxes	7,551							
11	Total Production & Transmission	251,887	0	0	(221)	0	(135)	0	0
Distribution									
12	Operating Expenses	12,289							
13	Depreciation	10,044							
14	Taxes	29,575							
15	Total Distribution	51,908	0	0	0	0	0	0	0
16	Customer Accounting	8,444							
17	Customer Service & Information	7,220							
18	Sales Expenses	703							
Administrative & General									
19	Operating Expenses	32,768							
20	Depreciation	4,370							
21	Taxes								
22	Total Admin. & General	37,138	0	0	0	0	0	0	0
23	Total Electric Expenses	357,300	0	0	(221)	0	(135)	0	0
24	OPERATING INCOME BEFORE FIT	79,417	0	0	221	0	135	0	0
FEDERAL INCOME TAX									
25	Current Accrual	11,617							
26	Deferred Income Taxes	2,004					56		
27	NET OPERATING INCOME	\$65,796	\$0	\$0	\$221	\$0	\$79	\$0	\$0
RATE BASE									
PLANT IN SERVICE									
28	Intangible	\$21,374							
29	Production	559,199			(7,325)	492	(5,248)		79,626
30	Transmission	210,579							
31	Distribution	459,739						(223)	
32	General	63,155							
33	Total Plant in Service	1,314,046	0	0	(7,325)	492	(5,248)	(223)	79,626
34	ACCUMULATED DEPRECIATION	436,127			(5,023)		(3,559)		
35	ACCUM. PROVISION FOR AMORTIZATION	10,630							47,368
36	Total Accum. Depreciation & Amort.	446,757	0	0	(5,023)	0	(3,559)	0	47,368
37	GAIN ON SALE OF BUILDING			(715)					
38	DEFERRED TAXES		(150,785)	250			668		(5,577)
39	TOTAL RATE BASE	\$867,289	(\$150,785)	(\$465)	(\$2,302)	\$492	(\$1,021)	(\$223)	\$26,681
40	RATE OF RETURN	7.59%							

AVISTA UTILITIES
 ELECTRIC RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 TWELVE MONTHS ENDED DECEMBER 31, 2004
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Subtotal Actual	Hydro Rellicensing Adj	Eliminate B & O Taxes	Property Tax	Uncollect. Expense	Regulatory Expense	Injuries and Damages	FIT
	a	-	j	k	l	m	n	o	p
REVENUES									
1	Total General Business	\$323,681		\$(10,778)					
2	Interdepartmental Sales	752							
3	Sales for Resale	58,640							
4	Total Sales of Electricity	383,073	0	(10,778)	0	0	0	0	0
5	Other Revenue	53,644		(14)					
6	Total Electric Revenue	436,717	0	(10,792)	0	0	0	0	0
EXPENSES									
Production and Transmission									
7	Operating Expenses	130,540	4						
8	Purchased Power	97,537							
9	Depreciation and Amortization	15,903							
10	Taxes	7,551			(313)				
11	Total Production & Transmission	251,531	4	0	(313)	0	0	0	0
Distribution									
12	Operating Expenses	12,289							
13	Depreciation	10,044							
14	Taxes	29,575		(11,892)	413				
15	Total Distribution	51,908	0	(11,892)	413	0	0	0	0
16	Customer Accounting	8,444				(135)			
17	Customer Service & Information	7,220							
18	Sales Expenses	703							
Administrative & General									
19	Operating Expenses	32,768		114			(312)	108	
20	Depreciation	4,370							
21	Taxes				3				
22	Total Admin. & General	37,138	0	114	3	0	(312)	108	0
23	Total Electric Expenses	356,944	4	(11,778)	103	(135)	(312)	108	0
24	OPERATING INCOME BEFORE FIT	79,773	(4)	986	(103)	135	312	(108)	0
FEDERAL INCOME TAX									
25	Current Accrual	11,617	(1)	345	(36)	47	109	(38)	4,597
26	Deferred Income Taxes	2,060							(5,416)
27	NET OPERATING INCOME	\$66,096	(\$3)	\$641	(\$67)	\$88	\$203	(\$70)	\$819
RATE BASE									
PLANT IN SERVICE									
28	Intangible	\$21,374							
29	Production	626,744							
30	Transmission	210,579							
31	Distribution	459,516							
32	General	63,155							
33	Total Plant in Service	1,381,368	0	0	0	0	0	0	0
34	ACCUMULATED DEPRECIATION	427,545							
35	ACCUM. PROVISION FOR AMORTIZATION	57,998							
36	Total Accum. Depreciation & Amort.	485,543	0	0	0	0	0	0	0
37	GAIN ON SALE OF BUILDING	(715)							
38	DEFERRED TAXES	(155,444)							
39	TOTAL RATE BASE	\$739,666	\$0	\$0	\$0	\$0	\$0	\$0	\$0
40	RATE OF RETURN	8.94%							

AVISTA UTILITIES
 ELECTRIC RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 TWELVE MONTHS ENDED DECEMBER 31, 2004
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Eliminate WA ERM Surcharge & Deferrals	Nez Perce Settlement Adjustment	Payroll Clearing Adjustment	Coyote Springs	PGE Monetization	Eliminate A/R Expenses	Office Space Charges to Subsidiaries
	a	q	r	s	t	u	v	w
REVENUES								
1	Total General Business	\$ (27,408)						
2	Interdepartmental Sales							
3	Sales for Resale							
4	Total Sales of Electricity	(27,408)	0	0	0	0	0	0
5	Other Revenue							
6	Total Electric Revenue	(27,408)	0	0	0	0	0	0
EXPENSES								
Production and Transmission								
7	Operating Expenses	(18,659)	13	(419)	1,948			
8	Purchased Power							
9	Depreciation and Amortization				1,705	(1,776)		
10	Taxes				45			
11	Total Production & Transmission	(18,659)	13	(419)	3,698	(1,776)	0	0
Distribution								
12	Operating Expenses			(273)				
13	Depreciation							
14	Taxes	(1,058)						
15	Total Distribution	(1,058)	0	(273)	0	0	0	0
16	Customer Accounting	(87)		(144)			(726)	
17	Customer Service & Information			(2)				
18	Sales Expenses			(17)				
Administrative & General								
19	Operating Expenses	(52)		(768)	156			(25)
20	Depreciation							
21	Taxes							
22	Total Admin. & General	(52)	0	(768)	156	0	0	(25)
23	Total Electric Expenses	(19,856)	13	(1,623)	3,854	(1,776)	(726)	(25)
24	OPERATING INCOME BEFORE FIT	(7,552)	(13)	1,623	(3,854)	1,776	726	25
FEDERAL INCOME TAX								
25	Current Accrual	(8,266)	(5)	568	(1,349)		254	9
26	Deferred Income Taxes	5,623				622		
27	NET OPERATING INCOME	(\$4,909)	(\$8)	\$1,055	(\$2,505)	\$1,154	\$472	\$16
RATE BASE								
PLANT IN SERVICE								
28	Intangible							
29	Production				39,069	(14,205)		
30	Transmission				2,960			
31	Distribution							
32	General							
33	Total Plant in Service	0	0	0	42,029	(14,205)	0	0
34	ACCUMULATED DEPRECIATION				853			
35	ACCUM. PROVISION FOR AMORTIZATION					(10,210)		
36	Total Accum. Depreciation & Amort.	0	0	0	853	(10,210)	0	0
37	GAIN ON SALE OF BUILDING							
38	DEFERRED TAXES				(175)	1,088		
39	TOTAL RATE BASE	\$0	\$0	\$0	\$41,001	(\$2,907)	\$0	\$0
40	RATE OF RETURN							

AVISTA UTILITIES
 ELECTRIC RESULTS OF OPERATION
 WASHINGTON RESTATEED RESULTS
 TWELVE MONTHS ENDED DECEMBER 31, 2004
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Restate Excise/Franchise Taxes	Revenue Adjustment	Remove Misc Tariffs Adjustment	Depreciation Adjustment	Incentives and Other Adjustment	Restate Debt Interest	Restated TOTAL	Pro Forma Power Supply
	a	x	y	z	aa	ab	ac	ad	PF1
REVENUES									
1	Total General Business		\$ (389)	\$ 293				\$ 285,399	
2	Interdepartmental Sales							752	
3	Sales for Resale							58,640	(18,180)
4	Total Sales of Electricity	0	(389)	293	0	0	0	344,791	(18,180)
5	Other Revenue		203					53,833	(45,246)
6	Total Electric Revenue	0	(186)	293	0	0	0	398,624	(63,426)
EXPENSES									
Production and Transmission									
7	Operating Expenses		(1,820)					111,607	(10,062)
8	Purchased Power							97,537	(46,495)
9	Depreciation and Amortization		642	6,518	(113)			22,879	
10	Taxes							7,283	
11	Total Production & Transmission	0	(1,178)	6,518	(113)	0	0	239,306	(56,557)
Distribution									
12	Operating Expenses							12,016	
13	Depreciation				23			10,067	
14	Taxes	359	(7)	11				17,401	
15	Total Distribution	359	(7)	11	23	0	0	39,484	0
16	Customer Accounting		(1)	1				7,352	
17	Customer Service & Information	(305)	(417)	(6,230)				266	
18	Sales Expenses							686	
Administrative & General									
19	Operating Expenses	(114)		1		51		31,927	
20	Depreciation				1,702			6,072	
21	Taxes							3	
22	Total Admin. & General	(114)	0	1	1,702	51	0	38,002	0
23	Total Electric Expenses	(60)	(1,603)	301	1,612	51	0	325,096	(56,557)
24	OPERATING INCOME BEFORE FIT	60	1,417	(8)	(1,612)	(51)	0	73,528	(6,869)
FEDERAL INCOME TAX									
25	Current Accrual	21	496	2,278	(564)	(18)	2,661	12,725	(2,404)
26	Deferred Income Taxes			(2,281)				608	
27	NET OPERATING INCOME	\$39	\$921	(\$5)	(\$1,048)	(\$33)	(\$2,661)	\$60,195	(\$4,465)
RATE BASE									
PLANT IN SERVICE									
28	Intangible							\$21,374	
29	Production							651,608	
30	Transmission							213,539	
31	Distribution							459,516	
32	General							63,155	
33	Total Plant in Service	0	0	0	0	0	0	1,409,192	0
34	ACCUMULATED DEPRECIATION				(251)			428,147	
35	ACCUM. PROVISION FOR AMORTIZATION							47,788	
36	Total Accum. Depreciation & Amort.	0	0	0	(251)	0	0	475,935	0
37	GAIN ON SALE OF BUILDING							(715)	
38	DEFERRED TAXES							(154,531)	
39	TOTAL RATE BASE	\$0	\$0	\$0	\$251	\$0	\$0	\$778,011	\$0
40	RATE OF RETURN							7.74%	

AVISTA UTILITIES
 ELECTRIC RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 TWELVE MONTHS ENDED DECEMBER 31, 2004
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Pro Forma Pension	Pro Forma Insurance	Pro Forma Labor Non-Exec	Pro Forma Labor Executive	Pro Forma Vegetation Management	Pro Forma Transmission Project	Sale of Skookumchuck Hydro
	a	PF2	PF 3	PF 4	PF 5	PF 6	PF 7	PF 8
REVENUES								
1	Total General Business							
2	Interdepartmental Sales							
3	Sales for Resale							
4	Total Sales of Electricity	0	0	0	0	0	0	0
5	Other Revenue							
6	Total Electric Revenue	0	0	0	0	0	0	0
EXPENSES								
Production and Transmission								
7	Operating Expenses	(211)		764	1	(228)		(27)
8	Purchased Power							
9	Depreciation and Amortization						434	(15)
10	Taxes						278	(7)
11	Total Production & Transmission	(211)	0	764	1	(228)	712	(49)
Distribution								
12	Operating Expenses	(137)		511	(9)	720		
13	Depreciation							
14	Taxes							
15	Total Distribution	(137)	0	511	(9)	720	0	0
16	Customer Accounting	(73)		263				
17	Customer Service & Information	(1)		4				
18	Sales Expenses	(8)		31				
Administrative & General								
19	Operating Expenses	(150)	(375)	467	64			
20	Depreciation							
21	Taxes							
22	Total Admin. & General	(150)	(375)	467	64	0	0	0
23	Total Electric Expenses	(580)	(375)	2,040	56	492	712	(49)
24	OPERATING INCOME BEFORE FIT	580	375	(2,040)	(56)	(492)	(712)	49
FEDERAL INCOME TAX								
25	Current Accrual	203	131	(714)	(20)	(172)	(575)	17
26	Deferred Income Taxes						326	
27	NET OPERATING INCOME	\$377	\$244	(\$1,326)	(\$36)	(\$320)	(\$463)	\$32
RATE BASE								
PLANT IN SERVICE								
28	Intangible							
29	Production							(298)
30	Transmission						18,543	
31	Distribution							
32	General							
33	Total Plant in Service	0	0	0	0	0	18,543	(298)
34	ACCUMULATED DEPRECIATION						217	(135)
35	ACCUM. PROVISION FOR AMORTIZATION							
36	Total Accum. Depreciation & Amort.	0	0	0	0	0	217	(135)
37	GAIN ON SALE OF BUILDING							
38	DEFERRED TAXES						(329)	
39	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$17,997	(\$163)
40	RATE OF RETURN							

AVISTA UTILITIES
 ELECTRIC RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 TWELVE MONTHS ENDED DECEMBER 31, 2004
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Cancelled Small Generation	Pro Forma Production Tax Credit	Pro Forma Allocation Adjustment	Pro Forma TOTAL
		PF 9	PF10	PF11	
REVENUES					
1	Total General Business				\$285,399
2	Interdepartmental Sales				752
3	Sales for Resale				40,460
4	Total Sales of Electricity	0	0	0	326,611
5	Other Revenue				8,587
6	Total Electric Revenue	0	0	0	335,198
EXPENSES					
Production and Transmission					
7	Operating Expenses				101,844
8	Purchased Power				51,042
9	Depreciation and Amortization	306			23,604
10	Taxes				7,554
11	Total Production & Transmission	306	0	0	184,044
Distribution					
12	Operating Expenses				13,101
13	Depreciation				10,067
14	Taxes				17,401
15	Total Distribution	0	0	0	40,569
16	Customer Accounting				7,542
17	Customer Service & Information				269
18	Sales Expenses				709
Administrative & General					
19	Operating Expenses			521	32,454
20	Depreciation			13	6,085
21	Taxes				3
22	Total Admin. & General	0	0	534	38,542
23	Total Electric Expenses	306	0	534	271,675
24	OPERATING INCOME BEFORE FIT	(306)	0	(534)	63,523
FEDERAL INCOME TAX					
25	Current Accrual		(992)	(187)	8,012
26	Deferred Income Taxes	(107)			827
27	NET OPERATING INCOME	(\$199)	\$992	(\$347)	\$54,684
RATE BASE					
PLANT IN SERVICE					
28	Intangible				\$21,374
29	Production				651,310
30	Transmission				232,082
31	Distribution				459,516
32	General				63,155
33	Total Plant in Service	0	0	0	1,427,437
34	ACCUMULATED DEPRBCIATION				428,229
35	ACCUM. PROVISION FOR AMORTIZATION				47,788
36	Total Accum. Depreciation & Amort.	0	0	0	476,017
37	GAIN ON SALE OF BUILDING				(715)
38	DEFERRED TAXES				(154,860)
39	TOTAL RATE BASE	\$0	\$0	\$0	\$795,845
40	RATE OF RETURN				6.87%

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UG-05_____

EXHIBIT NO. _____(DMF-3)

DON M. FALKNER

REPRESENTING AVISTA CORPORATION

AVISTA UTILITIES
GAS RESULTS OF OPERATION
WASHINGTON PRO FORMA RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2004
(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	\$145,940	\$13,325	\$159,265	\$2,943	\$162,208
2	Total Transportation	3,643	(801)	2,842		2,842
3	Other Revenues	2,168	0	2,168		2,168
4	Total Gas Revenues	151,751	12,524	164,275	2,943	167,218
EXPENSES						
5	Exploration and Development Production					
6	City Gate Purchases	100,951	13,420	114,371		114,371
7	Purchased Gas Expense	329	221	550		550
8	Net Nat Gas Storage Trans	0	0	0		0
9	Total Production	101,280	13,641	114,921	0	114,921
Underground Storage						
10	Operating Expenses	381	1	382		382
11	Depreciation	313	(4)	309		309
12	Taxes	124	(4)	120		120
13	Total Underground Storage	818	(7)	811	0	811
Distribution						
14	Operating Expenses	6,116	59	6,175		6,175
15	Depreciation	4,894	8	4,902		4,902
16	Taxes	12,657	(4,444)	8,213	113	8,326
17	Total Distribution	23,667	(4,377)	19,290	113	19,403
18	Customer Accounting	4,726	(276)	4,450	9	4,459
19	Customer Service & Information	4,199	(3,718)	481		481
20	Sales Expenses	438	3	441		441
Administrative & General						
21	Operating Expenses	9,044	42	9,086	6	9,092
22	Depreciation	871	315	1,186		1,186
23	Taxes	24	0	24		24
24	Total Admin. & General	9,939	357	10,296	6	10,302
25	Total Gas Expense	145,067	5,623	150,690	128	150,818
26	OPERATING INCOME BEFORE FIT	6,684	6,901	13,585	2,815	16,400
FEDERAL INCOME TAX						
27	Current Accrual	(3,884)	4,350	466	985	1,451
28	Deferred FIT	3,728	(1,388)	2,340		2,340
29	Amort ITC	(31)	0	(31)		(31)
30	NET OPERATING INCOME	\$6,871	\$3,939	\$10,810	\$1,830	\$12,640
RATE BASE: PLANT IN SERVICE						
31	Underground Storage	13,632	0	13,632		13,632
32	Distribution Plant	200,079	1,119	201,198		201,198
33	General Plant	16,499	0	16,499		16,499
34	Total Plant in Service	230,210	1,119	231,329	0	231,329
ACCUMULATED DEPRECIATION						
35	Underground Storage	6,657	2	6,659		6,659
36	Distribution Plant	64,811	6	64,817		64,817
37	General Plant	7,039	(55)	6,984		6,984
38	Total Accum. Depreciation	78,507	(47)	78,460	0	78,460
39	DEFERRED FIT	0	(26,715)	(26,715)		(26,715)
40	GAS INVENTORY	0	4,807	4,807		4,807
41	GAIN ON SALE OF BUILDING	0	(243)	(243)		(243)
42	TOTAL RATE BASE	\$151,703	(\$20,985)	\$130,718	\$0	\$130,718
43	RATE OF RETURN	4.53%		8.27%		9.67%

AVISTA UTILITIES
Calculation of General Revenue Requirement
Washington - Gas
TWELVE MONTHS ENDED DECEMBER 31, 2004
(000's OF DOLLARS)

Line No.	Description	WASH
1	Pro Forma Rate Base	\$130,718
2	Proposed Rate of Return	<u>9.670%</u>
3	Net Operating Income Requirement	\$12,640
4	Pro Forma Net Operating Income	<u>\$10,810</u>
5	Net Operating Income Deficiency	\$1,830
6	Conversion Factor	0.621746
7	Revenue Requirement	\$2,943
8	Total General Business Revenues	\$162,107
9	Percentage Revenue Increase	<u><u>1.82%</u></u>

AVISTA UTILITIES
Revenue Conversion Factor
Washington - Gas System
TWELVE MONTHS ENDED DECEMBER 31, 2004

Line No.	Description	Factor
1	Revenues	1.000000
	Expense:	
2	Uncollectibles	0.003169
3	Commission Fees	0.001900
4	Washington Excise Tax	0.038398
5	Franchise Fees (City of Millwood Expired in 2004)	0.000000
6	Total Expense	<u>0.043467</u>
7	Net Operating Income Before FIT	0.956533
8	Federal Income Tax @ 35%	0.334787
9	REVENUE CONVERSION FACTOR	<u><u>0.621746</u></u>

AVISTA UTILITIES
 GAS RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 TWELVE MONTHS ENDED DECEMBER 31, 2004
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Per Results Report	Deferred FIT Rate Base	Deferred Gain on Office Building	Gas Inventory	Weatherization and DSM Investment	Customer Advances
	a	b	c	d	e	f	g
REVENUES							
1	Total General Business	\$145,940					
2	Total Transportation	3,643					
3	Other Revenues	2,168					
4	Total Gas Revenues	151,751	0	0	0	0	0
EXPENSES							
5	Exploration and Development	0					
Production							
6	City Gate Purchases	100,951					
7	Purchased Gas Expense	329					
8	Net Nat Gas Storage Trans	0					
9	Total Production	101,280	0	0	0	0	0
Underground Storage							
10	Operating Expenses	381					
11	Depreciation	313					
12	Taxes	124					
13	Total Underground Storage	818	0	0	0	0	0
Distribution							
14	Operating Expenses	6,116					
15	Depreciation	4,894					
16	Taxes	12,657					
17	Total Distribution	23,667	0	0	0	0	0
18	Customer Accounting	4,726			0	0	
19	Customer Service & Information	4,199				(97)	
20	Sales Expenses	438					
Administrative & General							
21	Operating Expenses	9,044					
22	Depreciation	871					
23	Taxes	24					
24	Total Admin. & General	9,939	0	0	0	0	0
25	Total Gas Expense	145,067	0	0	0	(97)	0
26	OPERATING INCOME BEFORE FIT	6,684	0	0	0	97	0
FEDERAL INCOME TAX							
27	Current Accrual	(3,884)				34	
28	Deferred FIT	3,728					
29	Amort ITC	(31)					
30	NET OPERATING INCOME	\$6,871	\$0	\$0	\$0	\$63	\$0
RATE BASE: PLANT IN SERVICE							
31	Underground Storage	13,632					
32	Distribution Plant	200,079				1,120	(1)
33	General Plant	16,499					
34	Total Plant in Service	230,210	0	0	0	1,120	(1)
ACCUMULATED DEPRECIATION							
35	Underground Storage	6,657					
36	Distribution Plant	64,811					
37	General Plant	7,039					
38	Total Accum. Depreciation	78,507	0	0	0	0	0
39	DEFERRED FIT	0	(26,800)	85			
40	GAS INVENTORY	0			4,807		
41	GAIN ON SALE OF BUILDING	0		(243)			
42	TOTAL RATE BASE	\$151,703	(\$26,800)	(\$158)	\$4,807	\$1,120	(\$1)
43	RATE OF RETURN						

AVISTA UTILITIES
 GAS RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 TWELVE MONTHS ENDED DECEMBER 31, 2004
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Subtotal Actual	Revenue Normalization & Gas Cost Adjust	Eliminate B & O Taxes	Property Tax	Uncollectible Expense	Regulatory Expense Adjustment
	a	-	h	i	j	k	l
REVENUES							
1	Total General Business	\$145,940	\$17,505	\$ (4,180)			
2	Total Transportation	3,643	(728)	(73)			
3	Other Revenues	2,168					
4	Total Gas Revenues	151,751	16,777	(4,253)	0	0	0
EXPENSES							
5	Exploration and Development	0					
Production							
6	City Gate Purchases	100,951	13,420				
7	Purchased Gas Expense	329	48				
8	Net Nat Gas Storage Trans	0					
9	Total Production	101,280	13,468	0	0	0	0
Underground Storage							
10	Operating Expenses	381					
11	Depreciation	313					
12	Taxes	124			(4)		
13	Total Underground Storage	818	0	0	(4)	0	0
Distribution							
14	Operating Expenses	6,116					
15	Depreciation	4,894					
16	Taxes	12,657	644	(5,200)	(57)		
17	Total Distribution	23,667	644	(5,200)	(57)	0	0
18	Customer Accounting	4,726	53	0	0	(230)	0
19	Customer Service & Information	4,102	(3,202)				
20	Sales Expenses	438					
Administrative & General							
21	Operating Expenses	9,044	32	902			26
22	Depreciation	871					
23	Taxes	24					
24	Total Admin. & General	9,939	32	902	0	0	26
25	Total Gas Expense	144,970	10,995	(4,298)	(61)	(230)	26
26	OPERATING INCOME BEFORE FIT	6,781	5,782	45	61	230	(26)
FEDERAL INCOME TAX							
27	Current Accrual	(3,850)	2,024	16	21	81	(9)
28	Deferred FIT	3,728					
29	Amort ITC	(31)					
30	NET OPERATING INCOME	\$6,934	\$3,758	\$29	\$40	\$149	(\$17)
RATE BASE: PLANT IN SERVICE							
31	Underground Storage	13,632					
32	Distribution Plant	201,198					
33	General Plant	16,499					
34	Total Plant in Service	231,329	0	0	0	0	0
ACCUMULATED DEPRECIATION							
35	Underground Storage	6,657					
36	Distribution Plant	64,811					
37	General Plant	7,039					
38	Total Accum. Depreciation	78,507	0	0	0	0	0
39	DEFERRED FIT	(26,715)					
40	GAS INVENTORY	4,807					
41	GAIN ON SALE OF BUILDING	(243)					
42	TOTAL RATE BASE	\$130,671	\$0	\$0	\$0	\$0	\$0
43	RATE OF RETURN	5.31%					

AVISTA UTILITIES
 GAS RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 TWELVE MONTHS ENDED DECEMBER 31, 2004
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Injuries and Damages	FIT	Payroll Clearing	Eliminate A/R Expenses	Office Space Charges to Subs	Restate Excise/Franchise Taxes
	a	m	n	o	p	q	r
REVENUES							
1	Total General Business						
2	Total Transportation						
3	Other Revenues						
4	Total Gas Revenues	0	0	0	0	0	0
EXPENSES							
5	Exploration and Development						
6	Production						
7	City Gate Purchases				(8)		
8	Purchased Gas Expense						
9	Net Nat Gas Storage Trans						
9	Total Production	0	0	(8)	0	0	0
Underground Storage							
10	Operating Expenses						
11	Depreciation						
12	Taxes						
13	Total Underground Storage	0	0	0	0	0	0
Distribution							
14	Operating Expenses			(158)			
15	Depreciation						
16	Taxes						169
17	Total Distribution	0	0	(158)	0	0	169
18	Customer Accounting			(86)	(126)	0	0
19	Customer Service & Information			(1)			(419)
20	Sales Expenses			(11)			
Administrative & General							
21	Operating Expenses	(8)		(220)		(7)	(902)
22	Depreciation						
23	Taxes						
24	Total Admin. & General	(8)	0	(220)	0	(7)	(902)
25	Total Gas Expense	(8)	0	(484)	(126)	(7)	(1,152)
26	OPERATING INCOME BEFORE FIT	8	0	484	126	7	1,152
FEDERAL INCOME TAX							
27	Current Accrual	3	1,289	169	44	2	403
28	Deferred FIT		(1,388)				
29	Amort ITC						
30	NET OPERATING INCOME	\$5	\$99	\$315	\$82	\$5	\$749
RATE BASE: PLANT IN SERVICE							
31	Underground Storage						
32	Distribution Plant						
33	General Plant						
34	Total Plant in Service	0	0	0	0	0	0
ACCUMULATED DEPRECIATION							
35	Underground Storage						
36	Distribution Plant						
37	General Plant						
38	Total Accum. Depreciation	0	0	0	0	0	0
39	DEFERRED FIT						
40	GAS INVENTORY						
41	GAIN ON SALE OF BUILDING						
42	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0
43	RATE OF RETURN						

AVISTA UTILITIES
 GAS RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 TWELVE MONTHS ENDED DECEMBER 31, 2004
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Lease Expense Adjustment	Depreciation Adjustment	Incentives and Other Adjustment	Restate Debt Interest	Restated Total	Pension Pro Forma PF1
	a	s	t	u	v	-	
REVENUES							
1	Total General Business					\$159,265	
2	Total Transportation					2,842	
3	Other Revenues					2,168	
4	Total Gas Revenues	0	0	0	0	164,275	0
EXPENSES							
5	Exploration and Development					0	
6	Production					114,371	
7	City Gate Purchases					369	(4)
8	Purchased Gas Expense					0	
9	Net Nat Gas Storage Trans					0	
9	Total Production	0	0	0	0	114,740	(4)
Underground Storage							
10	Operating Expenses					381	
11	Depreciation		(4)			309	
12	Taxes					120	
13	Total Underground Storage	0	(4)	0	0	810	0
Distribution							
14	Operating Expenses					5,958	(79)
15	Depreciation		8			4,902	
16	Taxes					8,213	
17	Total Distribution	0	8	0	0	19,073	(79)
18	Customer Accounting	0				4,337	(43)
19	Customer Service & Information					480	(1)
20	Sales Expenses					427	(5)
Administrative & General							
21	Operating Expenses	30		14		8,911	(45)
22	Depreciation		478			1,349	
23	Taxes					24	
24	Total Admin. & General	30	478	14	0	10,284	(45)
25	Total Gas Expense	30	482	14	0	150,151	(177)
26	OPERATING INCOME BEFORE FIT	(30)	(482)	(14)	0	14,124	177
FEDERAL INCOME TAX							
27	Current Accrual	(11)	(169)	(5)	647	655	62
28	Deferred FIT					2,340	
29	Amort ITC					(31)	
30	NET OPERATING INCOME	(\$19)	(\$313)	(\$9)	(\$647)	\$11,160	\$115
RATE BASE: PLANT IN SERVICE							
31	Underground Storage					13,632	
32	Distribution Plant					201,198	
33	General Plant					16,499	
34	Total Plant in Service	0	0	0	0	231,329	0
ACCUMULATED DEPRECIATION							
35	Underground Storage		2			6,659	
36	Distribution Plant		6			64,817	
37	General Plant		(55)			6,984	
38	Total Accum. Depreciation	0	(47)	0	0	78,460	0
39	DEFERRED FIT					(26,715)	
40	GAS INVENTORY					4,807	
41	GAIN ON SALE OF BUILDING					(243)	
42	TOTAL RATE BASE	\$0	\$47	\$0	\$0	\$130,718	\$0
43	RATE OF RETURN					8.54%	

AVISTA UTILITIES
 GAS RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 TWELVE MONTHS ENDED DECEMBER 31, 2004
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Pro Forma Insurance	Pro Forma Labor Non-Exec	Pro Forma Labor Executive	Pro Forma Gas Procurement	Pro Forma Allocation Adjustment	Remove Hamilton St Pro Forma	Pro Forma Total
	a	PF2	PF3	PF4	PF5	PF6	PF7	-
REVENUES								
1	Total General Business							\$159,265
2	Total Transportation							2,842
3	Other Revenues							2,168
4	Total Gas Revenues	0	0	0	0	0	0	164,275
EXPENSES								
5	Exploration and Development							0
Production								
6	City Gate Purchases							114,371
7	Purchased Gas Expense		12		173			550
8	Net Nat Gas Storage Trans							0
9	Total Production	0	12	0	173	0	0	114,921
Underground Storage								
10	Operating Expenses		1					382
11	Depreciation							309
12	Taxes							120
13	Total Underground Storage	0	1	0	0	0	0	811
Distribution								
14	Operating Expenses		296					6,175
15	Depreciation							4,902
16	Taxes							8,213
17	Total Distribution	0	296	0	0	0	0	19,290
18	Customer Accounting		156					4,450
19	Customer Service & Information		2					481
20	Sales Expenses		19					441
Administrative & General								
21	Operating Expenses	\$(112)	141	18	20	153		9,086
22	Depreciation					6	(169)	1,186
23	Taxes							24
24	Total Admin. & General	(112)	141	18	20	159	(169)	10,296
25	Total Gas Expense	(112)	627	18	193	159	(169)	150,690
26	OPERATING INCOME BEFORE FIT	112	(627)	(18)	(193)	(159)	169	13,585
FEDERAL INCOME TAX								
27	Current Accrual	\$39	(219)	(6)	(68)	(56)	59	466
28	Deferred FIT							2,340
29	Amort ITC							(31)
30	NET OPERATING INCOME	\$73	(\$408)	(\$12)	(\$125)	(\$103)	\$110	\$10,810
RATE BASE: PLANT IN SERVICE								
31	Underground Storage							13,632
32	Distribution Plant							201,198
33	General Plant							16,499
34	Total Plant in Service	0	0	0	0	0	0	231,329
ACCUMULATED DEPRECIATION								
35	Underground Storage							6,659
36	Distribution Plant							64,817
37	General Plant							6,984
38	Total Accum. Depreciation	0	0	0	0	0	0	78,460
39	DEFERRED FIT							(26,715)
40	GAS INVENTORY							4,807
41	GAIN ON SALE OF BUILDING							(243)
42	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0	\$130,718
43	RATE OF RETURN							8.27%