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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

BEFORE THE WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

DOCKET NO. UE-991606

EXHIBIT NO. ____ (RLM-1)

WITNESS: RONALD L. MCKENZIE, AVISTA CORP.

WUTC

DOCKET NO. UE-991606

EXHIBIT # 448

ADMIT

W/D

REJ

Avista Corporation

Centralia Gain, Plant Cost Removal and Replacement Power Revenue Requirement Effects
State of Washington

<u>Line No.</u>				
	Customer portion of the after-tax, Centralia gain			
1	15% share	\$18,421,114 ^(a)		
2	2.5% share	<u>1,448,182</u> ^(b)		
3	Total	19,869,296		
4	Ice Storm 1996 after-tax, incremental costs	<u>-7,985,131</u> ^(c)	<u>Pretax</u>	<u>Deferred Tax</u>
5	Net deferred gain	\$11,884,165	\$18,283,331	\$6,399,166
6	First year amortization amount (8-year amortization) ^(d)		2,285,416	799,896
7	Net after first year of amortization		\$15,997,915	\$5,599,270
8	Average beginning and end of period		\$17,140,623	\$5,999,218
		Centralia Gain <u>Adjustment</u>	Remove Ice Storm <u>Adjustment</u>	<u>Total</u>
	Production and Transmission			
9	Depreciation and amortization	-\$2,285,416		-\$2,285,416
10	Administrative expenses		-\$2,047,470 ^(e)	-2,047,470
11	Total Electric Expenses	<u>-2,285,416</u>	<u>-2,047,470</u>	<u>-4,332,886</u>
12	Operating Income before FIT	2,285,416	2,047,470	4,332,886
13	FIT @ 35%	799,896	716,615	1,516,511
14	Net Operating Income	<u>\$1,485,520</u>	<u>\$1,330,855</u>	<u>\$2,816,375</u>
	Rate Base			
15	Prod. & Trans.	-\$17,140,623	\$0	-\$17,140,623
16	ADFIT	<u>5,999,218</u>	<u>0</u>	<u>5,999,218</u>
17	Rate Base	-\$11,141,405	\$0	-\$11,141,405
18	Proposed Rate of Return			<u>9.93%</u>
19	Net Operating Income Requirement to Cover Rate of Return			-\$1,106,342
20	Net Operating Income Effect on FIT due to Interest			149,740
21	Net Operating Income Requirement to Cover Expenses			<u>-2,816,375</u>
22	Total Operating Income Requirement			-\$3,772,977
23	Conversion Factor			0.620919
24	Rev. Requ. Change Associated with Gain			-\$6,076,440
25	Rev. Requ. Change Associated with Plant Cost Removal and Replacement Power			<u>4,148,000</u> ^(f)
26	Net Change in Revenue Requirement			<u>-\$1,928,440</u>

Source: (a) Reflects a slight revision to the figure of \$17,558,561 in Docket No. UE-991255, "Attachment A".
(b) Reflects a slight revision to the figure of \$1,435,146 in Docket No. UE-000080.
(c) Reflected in Exhibit No. 232 in this case, see transcript pages 880-882.
(d) Amortization period previously proposed by the Company in this case, see transcript pages 856-857.
(e) Reflected in Exhibit No. 232 in this case, see transcript pages 880-882.
(f) Reflected in Exhibit C-194 in this case, see transcript page 857.