

Avista Corp.
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RECEIVED



2008 AUG -8 PM 10: 36

IDAHO PUBLIC
UTILITIES COMMISSION

August 7, 2008

Jean D. Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington Street
Boise, ID 83702

Re: Case Nos. AVU-E-08-01 and AVU-G-08-01
Avista's Motion for Approval of Stipulation

Enclosed for filing with the Commission in the above-referenced docket are the original and seven copies of Avista's Motion for Approval of Stipulation dated August 7, 2008.

The parties to the Stipulation intend to file testimony in support of the Stipulation.

Sincerely,

A handwritten signature in black ink that reads "Kelly O. Norwood". The signature is written in a cursive, flowing style.

Kelly O. Norwood
Vice President

Enclosures

c: Service List

CERTIFICATE OF SERVICE

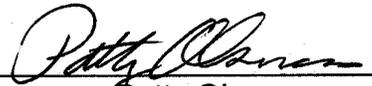
I HEREBY CERTIFY that I have this 7th day of August, 2008, served the Avista's Motion For Approval of Stipulation in Docket No. AVU-E-08-01 and AVU-G-08-01 upon the following parties, by mailing a copy thereof, property addressed with postage prepaid to:

Jean D Jewell, Secretary
Idaho Public Utilities Commission
Statehouse
Boise, ID 83720-5983

Brad M. Purdy
Attorney at Law
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Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702-0659

Conley E. Ward
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Patty Olsness
Rates Coordinator

David J. Meyer, Esq.
Vice President and Chief Counsel of
Regulatory and Governmental Affairs
Avista Corporation
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Spokane, Washington 99220
Phone: (509) 425-4316, Fax: (509) 495-8851

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2008 AUG -8 PM 10: 36

IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION FOR THE) CASE NOS. AVU-E-08-01
AUTHORITY TO INCREASE ITS RATES) AVU-G-08-01
AND CHARGES FOR ELECTRIC AND)
NATURAL GAS SERVICE TO ELECTRIC) MOTION FOR APPROVAL OF
AND NATURAL GAS CUSTOMERS IN THE) STIPULATION
STATE OF IDAHO)

COMES NOW, Avista Corporation (“Avista” or “Company”), the
Commission Staff and the other Parties to the settlement Stipulation, and hereby move
the Commission for an Order accepting the settlement Stipulation filed herewith. RP 56;
272; 274. This Motion is based on the following:

1. On April 3, 2008, Avista filed an Application with the Commission for
authority to increase revenue for electric and natural gas service in Idaho by 16.7% and
5.8%, respectively. If approved, the Company’s revenues for electric base retail rates
would have increased by \$32.3 million annually; Company revenues for natural gas
service would have increased by \$4.7 million annually. The Company requested an
effective date of May 5, 2008 for its proposed electric/gas rate increase. By Order No.
30528, dated April 16, 2008, the Commission suspended the proposed schedules of rates

and charges for electric and natural gas service for a period of thirty (30) days plus five (5) months from May 5, 2008, or until such time as the Commission entered an Order accepting, rejecting or modifying the Application in this matter.

2. Petitions to intervene in this proceeding were filed by Potlatch Corporation (“Potlatch”) and Community Action Partnership Association of Idaho (“CAPAI”). By various orders, the Commission granted these interventions. See, IPUC Order Nos. 30550 and 30551.

3. Public workshops for Avista customers were held on July 23, 2008 in Moscow, Idaho, and on July 24, 2008 in Coeur d’Alene, Idaho, for the purpose of explaining the Company’s Application and in order to provide an opportunity for customers to ask questions of Staff.

4. Based on settlement discussions, the Parties whose signatures appear on the Stipulation have agreed to resolve and settle all of the issues in the case. A copy of the signed Stipulation evidencing that settlement is enclosed as Attachment 1.

5. The Parties recommend that the Commission grant this Motion and approve the Stipulation in its entirety, without material change or condition, pursuant to RP 274.

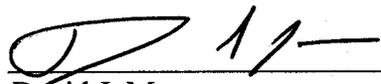
6. The Parties respectfully request an evidentiary hearing for the purpose of presenting the Stipulation and intend to pre-file supporting testimony in advance thereof. In addition, it is understood that the Commission may schedule hearings for the receipt of public testimony at a time and place of its own choosing.

7. As noted in the Stipulation, all of the Parties agree that the Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.

NOW, THEREFORE, the Parties respectfully request that the Commission issue a final order in Case Nos. AVU-E-08-01 and AVU-G-08-01:

1. Granting this Motion and accepting the Stipulation (Attachment 1), in its entirety, without material change or condition; and
2. Authorizing the Company to implement revised tariff schedules designed to recover \$23,163,000 in additional annual electric revenue and \$3,878,000 in additional annual natural gas revenue from Idaho customers consistent with the terms of the Stipulation; and
3. Authorizing that revised tariff schedules be made effective October 1, 2008.

Respectfully submitted this 7th day of August, 2008.



David J. Meyer
Attorney for Avista Corporation

ATTACHMENT 1

David J. Meyer, Esq.
Vice President and Chief Counsel of
Regulatory and Governmental Affairs
Avista Corporation
1411 E. Mission Avenue
P. O. Box 3727
Spokane, Washington 99220
Phone: (509) 425-4316, Fax: (509) 495-8851

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF AVISTA CORPORATION FOR THE)	CASE NOS. AVU-E-08-01
AUTHORITY TO INCREASE ITS RATES)	AVU-G-08-01
AND CHARGES FOR ELECTRIC AND)	
NATURAL GAS SERVICE TO ELECTRIC)	STIPULATION
AND NATURAL GAS CUSTOMERS IN THE)	
STATE OF IDAHO)	

This Stipulation is entered into by and among Avista Corporation, doing business as Avista Utilities (“Avista” or “Company”), the Staff of the Idaho Public Utilities Commission (“Staff”), Potlatch Corporation (“Potlatch”), and the Community Action Partnership Association of Idaho (“CAPAI”). These entities are collectively referred to as the “Parties,” and represent all parties in the above-referenced cases. The Parties understand this Stipulation is subject to approval by the Idaho Public Utilities Commission (“IPUC” or the “Commission”).

I. INTRODUCTION

1. The terms and conditions of this Stipulation are set forth herein. The Parties agree that this Stipulation represents a fair, just and reasonable compromise of the issues raised in the proceeding and that this Stipulation and its acceptance by the Commission represent a reasonable resolution of multiple issues identified in this matter. The Parties,

therefore, recommend that the Commission, in accordance with RP 274, approve the Stipulation and all of its terms and conditions without material change or condition.

II. BACKGROUND

2. On April 3, 2008, Avista filed an Application with the Commission for authority to increase revenue from electric and natural gas service in Idaho by 16.7% and 5.8%, respectively. If approved, the Company's revenues for electric base retail rates would have increased by \$32.3 million annually; Company revenues for natural gas service would have increased by \$4.7 million annually. The Company requested an effective date of May 5, 2008 for its proposed electric/gas rate increase. By Order No. 30528, dated April 16, 2008, the Commission suspended the proposed schedules of rates and charges for electric and natural gas service for a period of thirty (30) days plus five (5) months, from May 5, 2008, or until such time as the Commission entered an Order accepting, rejecting or modifying the Application in this matter.

3. Petitions to intervene in this proceeding were filed by Potlatch and CAPAI. By various orders, the Commission granted these interventions. See, IPUC Order Nos. 30550 and 30551.

4. Public workshops for Avista customers were held on July 23, 2008 in Moscow, Idaho, and on July 24, 2008 in Coeur d'Alene, Idaho, for the purpose of explaining the Company's Application, and in order to provide an opportunity for customers to ask questions of Staff.

5. On July 28, 2008, Commission Staff filed with the Commission a Notice of Intent to Engage in Settlement Discussions. RP 272. A settlement conference was

subsequently held in the Commission offices on July 31, 2008, and was attended by representatives of all Parties.

6. Based upon the settlement discussions among the Parties, as a compromise of positions in this case, and for other consideration as set forth below, the Parties agree to the following terms:

III. TERMS OF THE STIPULATION

7. Revenue Requirement. The Parties agree that Avista shall be allowed to implement revised tariff schedules designed to recover \$23,163,000 in additional annual electric revenue and \$3,878,000 in additional annual natural gas revenue, which represent an 11.98% and 4.7% increase in electric and natural gas annual base tariff revenues, respectively. In determining these revenue increases, the Parties have agreed to various adjustments to the Company's filing, which are summarized in the Tables below and are reflected in Appendix I and will be further explained in prefiled testimony to be filed by the Parties in support of the Stipulation. In addition, certain elements of the revenue increases are further discussed immediately below:

(a.) Cost of Capital. The Parties agree that Avista's cost of capital shall be determined using a capital structure consisting of 47.94% common stock equity, and 52.06% long-term debt. Avista's authorized return on equity shall be 10.20%; the cost of debt shall be 6.84%. These components produce an authorized rate of return of 8.45%.

(b.) Other Adjustments. The Summary Table of Adjustments, as set forth immediately below, describes the remaining revisions to the Company's originally-filed electric and natural gas revenue requirements:

SUMMARY TABLE OF ADJUSTMENTS TO ELECTRIC REVENUE REQUIREMENT

000s of Dollars

		Revenue Requirement	Rate Base
Amount As Filed		\$ 32,328	\$ 548,266
Adjustments:			
Return on Equity	Adjust return on equity to 10.20%	(2,485)	0
Power Supply	-Priest Rapids/Wanapum Contracts \$(614) (use average of '08 & '09 figures) -Elimination of PPM Wind Integration costs \$(109) -Reflect Kootenai Transmission contract \$(12)	(735)	0
Labor-Non-Exec	Remove 50% of 2009 non-executive labor expense	(296)	0
Labor-Executive	Remove 2009 executive labor expense	(39)	0
Transmission Rev/Exp	Remove 2009 revenues and expenses	81	0
Capital Additions 2008	Includes capital investment and depreciation through December 2008	152	1,327
Asset Management	Remove 50% of 2009 expenses	(489)	0
Spokane River Relicensing	Remove adjustment (establish deferral)	(2,831)	(12,039)
Confidential Litigation *	Remove adjustment (establish deferral)	(1,514)	(8,264)
Colstrip Mercury Emission O&M	Remove adjustment	(533)	0
Executive Incentives	Remove executives' incentives	(103)	0
CS2 Levelized Adjustment	Remove 2009 deferred return	(114)	0
Carbon Financial Instruments (CFIs)	Add net revenues from sale of CFIs	(427)	0
Miscellaneous A&G Expenses	Remove various A&G expenses, including dues, sponsorships, A&G study, 50% of Directors & Officers' insurance, and 50% of Board of Director expenses	(502)	0
Production Property	Flow through impact of Production & Transmission adjustments	320	997
Restate Debt Interest	Flow through impact of Rate Base adjustments	350	0
Total Adjustments		\$ (9,165)	\$ (17,979)
Adjusted Amounts		\$ 23,163	\$ 530,287

* Please see Andrews' Direct unredacted testimony at Pages 32-33.

SUMMARY TABLE OF ADJUSTMENTS TO NATURAL GAS REVENUE REQUIREMENT

000s of Dollars

		Revenue Requirement	Rate Base
Amount As Filed		\$ 4,725	\$ 85,690
Adjustments:			
Return on Equity	Adjust return on equity to 10.20%	(389)	0
Labor-Non-Exec	Remove 50% of 2009 non-executive labor expense	(73)	0
Labor-Executive	Remove 2009 executive labor expense	(9)	0
Capital Additions 2008	Includes capital investment and depreciation through December 2008	(103)	(531)
Incentives	Remove executives' incentives	(23)	0
Miscellaneous A&G Expenses	Remove various A&G expenses, including dues, sponsorships, A&G study, 50% of Directors & Officers' insurance, and 50% of Board of Director expenses	(260)	0
Restate Debt Interest	Flow through impact of Rate Base adjustments	10	0
Total Adjustments		\$ (847)	\$ (531)
Adjusted Amounts		\$ 3,878	\$ 85,159

8. Rate Effective Date. The Parties request that the Commission issue its order approving the retail rates contained in this Stipulation to become effective October 1, 2008.

9. Accounting Treatment for Certain Costs.

(a) Spokane River Relicensing – The Company included the processing costs associated with its Spokane River relicensing efforts, which expenditures included actual life-to-date costs from April 2001 through December 31, 2007, and 2008 pro forma expenditures through December 31, 2008. (See Andrews' Direct Testimony at page 32)

Although the Company anticipates receiving a final license from the Federal Energy Regulatory Commission ("FERC") in the near future, that has yet to occur. The

relicensing costs will remain in CWIP (Construction Work in Progress) and the Company will continue to accrue AFUDC until issuance of the license, at which time the relicensing costs will be transferred to plant in service and depreciation will begin to be recorded. The Parties have agreed to defer as a regulatory expense item (in Account 186 – Miscellaneous Deferred Debits) on the Company’s balance sheet depreciation associated with Idaho’s share of the aforementioned relicensing costs and related protection, mitigation, or enhancement expenditures, until the earlier of twelve (12) months from the date of the issuance of the license or the conclusion of Avista’s next general rate case (“GRC”), together with a carrying charge on the deferral, as well as a carrying charge on the amount of relicensing costs not yet included in rate base. The carrying charge for deferrals and rate base not yet included in establishing rates would be the customer deposit rate at that time (presently 5%).

(b.) Confidential Litigation – Company Witness Andrews describes confidential litigation at pages 32 and 33 of her prefiled direct testimony (unredacted). Inasmuch as that matter is still pending and has yet to be finally resolved, but is expected to reach resolution in the near future, the Parties have agreed to defer as a regulatory expense item (in Account 186 – Miscellaneous Deferred Debits) on the Company’s balance sheet depreciation associated with Idaho share of the aforementioned costs with a carrying charge on the deferral as well as a carrying charge on the amount of costs not yet included in rate base for subsequent recovery in rates. The carrying charge will be the customer deposit rate (presently 5%). This deferral, together with a carrying charge, will continue until the earlier of twelve (12) months from the date of resolution of the litigation or until the conclusion of Avista’s next general rate case (GRC).

(c.) Montana Riverbed Litigation – On November 1, 2007, Avista filed an Application with the Commission (Case No. AVU-E-07-10) requesting an accounting order authorizing deferral of settlement lease payments and interest accruals relating to the recent settlement of a lawsuit in the State of Montana over the use of the riverbed related to the Company's ownership of the Noxon Rapids and Cabinet Gorge hydroelectric projects located on the Clark Fork River. The Commission, in its Order No. 30492, authorized the deferral of settlement lease payments and delayed a decision on interest, until the matter was addressed in this general rate filing. The Parties have agreed to the Company's requested amortization of costs, together with recovery of accrued interest on the Idaho share of deferrals at the customer deposit rate (presently 5%).

(d.) Revenues Associated with Sale of Carbon Financial Instruments (CFIs) – On May 22, 2008 Avista filed a request with the Commission (Case No. AVU-E-08-2) to defer the revenues associated with the sale of Carbon Financial Instruments (CFIs) on the Chicago Climate Exchange. The Company's Application was approved on August 5, 2008 in Order No. 30610. Idaho's share of the revenues, net of expenses, from the CFI sales is \$850,571. These dollars will be amortized over a two-year period beginning in the calendar month of the effective date of new retail rates resulting from this Stipulation, with a carrying charge on the unamortized balance at the customer deposit rate. The revenue requirement included in this Stipulation has been reduced for the CFI revenues, in order to flow these benefits through to customers.

10. PCA Authorized Level of Expense. Appendix 3 sets forth the agreed-upon level of power supply expense, retail load and revenue credit resulting from this

Stipulation, that will be used in the monthly Power Cost Adjustment (“PCA”) mechanism calculations.

11. Prudence of Energy Efficiency Expenditures. The Parties agree that Avista’s expenditures for electric and natural gas energy efficiency programs from November 1, 2003 through December 31, 2007 have been prudently incurred.

12. Rate Spread. Appendix 2 shows the impact on each service schedule of the agreed-upon electric and natural gas increases. The proposed electric revenue increase of \$23,163,000 represents an overall increase of 11.98% in base rates, and with one exception, is spread on a uniform percentage basis to all schedules. Schedule 25P (for Potlatch’s Lewiston plant), however, will receive an increase of 10.36%, in order to reflect a Schedule 25P rate that is no higher than the tailblock rate of Schedule 25. With this change, the relative rate of return for Schedule 25P would move approximately one-half way toward unity, more consistent with the movement of other service schedules. All other schedules will receive a 12.33% increase.

The spread of the increased natural gas revenue requirement of \$3,878,000 is set forth in Appendix 2, and represents an overall increase of 4.7% in base rates. It reflects a reduction to what the Company had proposed by way of an increase for each of the gas service schedules proportional to the reduction in the overall increase.

13. Rate Design. The Parties agree to changes in the electric customer and demand charges as set forth in the Company’s filing, and summarized in Appendix 2. This includes an increase in the residential monthly basic charge from \$4.00 to \$4.60. The energy rates within each electric service schedule are increased by a uniform percentage.

With respect to natural gas rate design, the Parties agree to apply the increase in rates within each service schedule in the same manner as proposed by the Company. The monthly basic charge for the residential schedule will increase from \$3.28 to \$4.00, as proposed by the Company.

14. Customer-Related Issues.

(a.) Low-Income DSM Funding – At present, \$350,000 per year is provided to Idaho service (CAP) agencies for proposed funding of low-income Demand-Side Management (DSM). The Parties agree to increase the annual level of funding to \$465,000 for such programs (which includes administrative overhead). The continuation and level of such funding will be revisited in the Company's next general rate filing.

(b.) Funding for Outreach for Low-Income Conservation –The Parties agree that annual funding in the amount of \$25,000 will be provided to Idaho (CAP) agencies for the purpose of underwriting the dedication of agency personnel to assist in low-income outreach and education concerning conservation. The dollars will be funded through the DSM Tariff Rider (Schedules 91 and 191), and will be in addition to the \$465,000 of Low-Income DSM Funding. The continuation and level of such funding will be revisited in the Company's next general rate filing.

(c.) Establishment of Generic Workshops – Avista agrees to support and actively participate in any Commission-established workshops for the purpose of examining issues surrounding energy affordability and customers' ability to pay energy bills with respect to all jurisdictional utilities. As part of this process, Avista agrees to explore the feasibility of establishing a Low-Income Rate Assistance Program (LIRAP), or similar program, to assist low-income residential customers in Idaho.

15. The Parties agree that this Stipulation represents a compromise of the positions of the Parties in this case. As provided in RP 272, other than any testimony filed in support of the approval of this Stipulation, and except to the extent necessary for a Party to explain before the Commission its own statements and positions with respect to the Stipulation, all statements made and positions taken in negotiations relating to this Stipulation shall be confidential and will not be admissible in evidence in this or any other proceeding.

16. The Parties submit this Stipulation to the Commission and recommend approval in its entirety pursuant to RP 274. Parties shall support this Stipulation before the Commission, and no Party shall appeal a Commission Order approving the Stipulation or an issue resolved by the Stipulation. If this Stipulation is challenged by any person not a party to the Stipulation, the Parties to this Stipulation reserve the right to file testimony, cross-examine witnesses and put on such case as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are incorporated in the settlement terms embodied in this Stipulation. Notwithstanding this reservation of rights, the Parties to this Stipulation agree that they will continue to support the Commission's adoption of the terms of this Stipulation.

17. If the Commission rejects any part or all of this Stipulation or imposes any additional material conditions on approval of this Stipulation, each Party reserves the right, upon written notice to the Commission and the other Parties to this proceeding, within 14 days of the date of such action by the Commission, to withdraw from this Stipulation. In such case, no Party shall be bound or prejudiced by the terms of this Stipulation, and each Party shall be entitled to seek reconsideration of the Commission's order, file testimony as it chooses, cross-examine witnesses, and do all other things necessary to put on such case as it deems appropriate. In such case, the Parties immediately will request the prompt reconvening of a prehearing conference for purposes of establishing a procedural schedule for the completion of the case. The Parties agree to cooperate in development of a schedule that concludes the proceeding on the earliest possible date, taking into account the needs of the Parties in participating in hearings and preparing testimony and briefs.

18. The Parties agree that this Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.

19. No Party shall be bound, benefited or prejudiced by any position asserted in the negotiation of this Stipulation, except to the extent expressly stated herein, nor shall this Stipulation be construed as a waiver of the rights of any Party unless such rights are expressly waived herein. Execution of this Stipulation shall not be deemed to constitute an acknowledgment by any Party of the validity or invalidity of any particular method, theory or principle of regulation or cost recovery. No Party shall be deemed to have agreed that any method, theory or principle of regulation or cost recovery employed in arriving at this Stipulation is appropriate for resolving any issues in any other

proceeding in the future. No findings of fact or conclusions of law other than those stated herein shall be deemed to be implicit in this Stipulation.

20. The obligations of the Parties under this Stipulation are subject to the Commission's approval of this Stipulation in accordance with its terms and conditions and upon such approval being upheld on appeal, if any, by a court of competent jurisdiction.

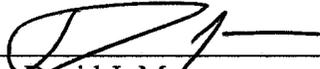
21. This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

DATED this 27th day of August, 2008.

Avista Corporation

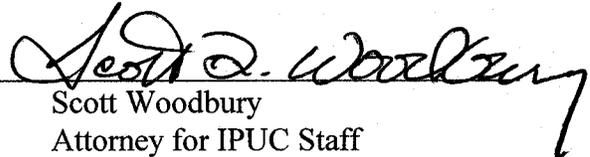
Idaho Public Utilities Commission Staff

By



David J. Meyer
Attorney for Avista Corporation

By

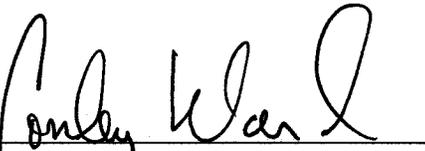


Scott Woodbury
Attorney for IPUC Staff

Potlatch Corporation

Community Action Partnership Association

By



Conley B. Ward

By

Brad M. Purdy

are expressly waived herein. Execution of this Stipulation shall not be deemed to constitute an acknowledgment by any Party of the validity or invalidity of any particular method, theory or principle of regulation or cost recovery. No Party shall be deemed to have agreed that any method, theory or principle of regulation or cost recovery employed in arriving at this Stipulation is appropriate for resolving any issues in any other proceeding in the future. No findings of fact or conclusions of law other than those stated herein shall be deemed to be implicit in this Stipulation.

20. The obligations of the Parties under this Stipulation are subject to the Commission's approval of this Stipulation in accordance with its terms and conditions and upon such approval being upheld on appeal, if any, by a court of competent jurisdiction.

21. This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

DATED this 1st day of August, 2008.

Avista Corporation

Idaho Public Utilities Commission Staff

By _____
David J. Meyer
Attorney for Avista Corporation

By _____
Scott Woodbury
Attorney for IPUC Staff

Potlatch Corporation

Community Action Partnership Association

By _____

By  _____

Stipulation

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APPENDIX 1

APPENDIX I
AVISTA UTILITIES
Summary of Revenue Requirement Adjustments
Restatement Summary Idaho Electric
(000s of Dollars)

Item	Description	FILED CASE		FINAL SETTLEMENT		DIFFERENCE		IMPACT ON	
		Idaho Electric NOI	Rate Base	Idaho Electric NOI	Rate Base	Idaho Electric NOI	Rate Base	NOI	Rate Base
b	Per Results Report	\$41,716	\$579,176	\$41,716	\$579,176	\$0	\$0	0.639562	8.45%
c	Deferred FIT Rate Base	0	(80,527)	0	(80,527)	\$0	\$0		
d	Deferred Gain on Office Building	0	(196)	0	(196)	\$0	\$0		
e	Colstrip 3 AFUDC Elimination	(225)	2,342	(225)	2,342	\$0	\$0		
f	Colstrip Common AFUDC	0	976	0	976	\$0	\$0		
g	Kettle Falls & Boulder Park Disallow.	0	(2,349)	0	(2,349)	\$0	\$0		
h	Customer Advances	0	(765)	0	(765)	\$0	\$0		
i	Weatherization and DSM Investment	0	2,630	0	2,630	\$0	\$0		
	Actual	-41,491	501,287	-41,491	501,287	0	0	0	0
j	Depreciation True-up	492	0	492	0	\$0	\$0		
k	Eliminate B & O Taxes	(5)	0	(5)	0	\$0	\$0		
l	Property Tax	164	0	164	0	\$0	\$0		
m	Uncollect. Expense	77	0	77	0	\$0	\$0		
n	Regulatory Expense	(20)	0	(20)	0	\$0	\$0		
o	Injuries and Damages	(22)	0	(22)	0	\$0	\$0		
p	FIT	91	0	91	0	\$0	\$0		
q	Idaho PCA	(10,888)	0	(10,888)	0	\$0	\$0		
r	Nez Perce Settlement Adjustment	8	0	8	0	\$0	\$0		
s	Eliminate A/R Expenses	337	0	337	0	\$0	\$0		
t	Clark Fork PM&E	(336)	0	(336)	0	\$0	\$0		
u	Revenue Normalization Adjustment	(632)	0	(632)	0	\$0	\$0		
v	Restate Debt Interest	(683)	0	(907)	0	\$0	\$0		
	Restated Total	\$30,074	\$501,287	\$29,850	\$501,287	(\$224)	\$0	\$350	\$0
PFI1	Pro Forma Power Supply	(222)	0	248	0	\$470	\$0	(\$735)	
PFI2	Pro Forma Production Property Adj	3,845	(15,426)	3,725	(14,429)	(\$121)	\$997	\$188	\$132
PFI3	Pro Forma Labor Non-Exec	(777)	0	(588)	0	\$189	\$0	(\$296)	
PFI4	Pro Forma Labor Exec	(85)	0	(60)	0	\$25	\$0	(\$39)	
PFI5	Pro Forma Transmission Rev/Exp	(265)	0	(317)	0	(\$52)	\$0	\$81	
PFI6	Pro Forma Capital Add 2007	(120)	17,776	(120)	17,776	\$0	\$0	\$0	
PFI7	Pro Forma Capital Add 2008	(1,016)	716	(1,001)	2,043	\$15	\$1,327	(\$23)	\$175
PFI8	Pro Forma Asset Management	(625)	0	(312)	0	\$313	\$0	(\$489)	
PFI9	Pro Forma Spokane Rvr Relicensing	(793)	12,039	0	0	\$793	(\$12,039)	(\$1,240)	(\$1,591)
PFI10	Pro Forma Confidential Litigation	(270)	8,264	0	0	\$270	(\$8,264)	(\$422)	(\$1,092)
PFI11	Pro Forma Montana Lease	(1,197)	1,758	(1,197)	1,758	\$0	\$0	\$0	
PFI12	Pro Forma Colstrip Mercury Emiss. O.	(341)	0	0	0	\$341	\$0	(\$533)	
PFI13	Pro Forma Incentives	(137)	0	(71)	0	\$66	\$0	(\$103)	
PFI14	Pro Forma ID AMR	(689)	21,852	(689)	21,852	\$0	\$0	\$0	
PFI15	Pro Forma CS2 Levelized Adj	(140)	0	(67)	0	\$73	\$0	(\$114)	
PFI16	Pro Forma Misc A&G	0	0	321	0	\$321	\$0	(\$502)	
PFI17	Pro Forma CCX (CFI)	0	0	273	0	\$273	\$0	(\$427)	
	Pro Forma Total	\$27,242	\$548,266	\$29,995	\$530,287	\$2,753	(\$17,979)	(\$4,304)	(\$2,376)
									(\$6,680)
									(\$3,483)
									(\$9,767)

*Please see Andrews' Direct unredacted testimony at Pages 32-33.

Impact of ROE reduced to 10.2%
Total Revenue Requirement Difference

APPENDIX 1
AVISTA UTILITIES
Summary of Revenue Requirement Adjustments
Restatement Summary Idaho Gas
(000s of Dollars)

Item	Description	FILED CASE		FINAL SETTLEMENT		DIFFERENCE		IMPACT ON	
		Idaho Gas	Rate Base	Idaho Gas	Rate Base	Idaho Gas	Rate Base	NOI	Rate Base
		NOI	Rate Base	NOI	Rate Base	NOI	Rate Base	0.6395623	8.45%
b	Per Results Report	\$5,410	\$83,866	\$5,410	\$83,866	\$0	\$0		
c	Deferred FIT Rate Base	0	(13,209)	0	(13,209)	\$0	\$0		
d	Deferred Gain on Office Building	0	(63)	0	(63)	\$0	\$0		
e	Gas Inventory	0	2,171	0	2,171	\$0	\$0		
f	Weatherization and DSM Investment	0	355	0	355	\$0	\$0		
g	Customer Advances	0	(74)	0	(74)	\$0	\$0		
	Actual	5,410	73,046	5,410	73,046	0	0		
h	Depreciation True-up	97	0	97	0	\$0	\$0		
i	Weather Normalization & Gas Cost Adjust	(42)	0	(42)	0	\$0	\$0		
j	Eliminate B & O Taxes	(1)	0	(1)	0	\$0	\$0		
k	Property Tax	12	0	12	0	\$0	\$0		
l	Uncollectible Expense	94	0	94	0	\$0	\$0		
m	Regulatory Expense Adjustment	1	0	1	0	\$0	\$0		
n	Injuries and Damages	(53)	0	(53)	0	\$0	\$0		
o	FIT	9	0	9	0	\$0	\$0		
p	Eliminate A/R Expenses	48	0	48	0	\$0	\$0		
q	Restate Debt Interest	(26)	0	(32)	0	(\$6)	\$0	\$10	\$0
	Restated Total	\$5,549	\$73,046	\$5,543	\$73,046	(\$6)	\$0	\$10	\$0
PF1	Pro Forma Labor Non-Exec	(191)	0	(144)	0	\$47	\$0	(\$73)	
PF2	Pro Forma Labor Exec	(21)	0	(15)	0	\$6	\$0	(\$9)	
PF3	Pro Forma JP Storage	(521)	7,238	(521)	7,238	\$0	\$0	\$0	
PF4	Pro Forma Capital Add 2007	94	(2,102)	94	(2,102)	\$0	\$0	\$0	
PF5	Pro Forma Capital Add 2008	(183)	1,232	(162)	701	\$21	(\$531)	(\$33)	(\$70)
PF6	Pro Forma Incentives	(32)	0	(17)	0	\$15	\$0	(\$23)	
PF7	Pro Forma AMR	(238)	6,276	(228)	6,276	\$0	\$0	\$0	
PF8	Pro Forma Misc. A&G	0	0	166	0	(\$166)	\$0	(\$260)	
	Pro Forma Total	\$4,467	\$85,690	\$4,716	\$85,159	\$249	(\$531)	(\$388)	(\$70)
									(\$438)
									(\$389)
									(\$847)

Impact of ROE reduced to 10.2%
Total Revenue Requirement Difference

APPENDIX 2

**AVISTA UTILITIES
IDAHO ELECTRIC
PROPOSED INCREASE BY SERVICE SCHEDULE
12 MONTHS ENDED DECEMBER 31, 2007
(000s of Dollars)**

Line No.	Type of Service (a)	Schedule Number (b)	Base Tariff Revenue Under Present Rates(1) (c)	General Increase (d)	Base Tariff Revenue Under Proposed Rates (e)	Base Tariff Percent Increase (f)	Total Billed Revenue at Present Rates(2) (g)	Percent Increase on Billed Revenue (h)
1	Residential	1	\$75,282	\$9,284	\$84,566	12.33%	\$72,941	12.73%
2	General Service	11,12	\$24,573	\$3,029	\$27,601	12.33%	\$25,640	11.81%
3	Large General Service	21,22	\$40,086	\$4,943	\$45,029	12.33%	\$42,333	11.68%
4	Extra Large General Service	25	\$13,077	\$1,613	\$14,690	12.33%	\$14,084	11.45%
5	Pollatch	25P	\$34,045	\$3,529	\$37,574	10.36%	\$36,857	9.57%
6	Pumping Service	31,32	\$3,690	\$455	\$4,145	12.33%	\$3,855	11.80%
7	Street & Area Lights	41-49	\$2,518	\$311	\$2,828	12.33%	\$2,579	12.04%
8	Total		\$193,270	\$23,163	\$216,433	11.98%	\$198,288	11.68%

(1) Excludes all present rate adjustments (see below).

(2) Includes all present rate adjustments: Schedule 66-Temporary PCA Adj., Schedule 91-Energy Efficiency Rider Adj., and Schedule 59-Residential & Farm Energy Rate Adj.

**AVISTA UTILITIES
IDAHO ELECTRIC
PRESENT AND PROPOSED RATE COMPONENTS BY SCHEDULE**

(a)	Base Tariff Sch. Rate (b)	Present ERM & Other Adj. (1) (c)	Present Billing Rate (d)	General Rate Increase (e)	Proposed Billing Rate (f)	Proposed Base Tariff Rate (g)
<u>Residential Service - Schedule 1</u>						
Basic Charge	\$4.00		\$4.00	\$0.60	\$4.60	\$4.60
Energy Charge:						
First 600 kWhs	\$0.05842	(\$0.00206)	\$0.05636	\$0.00710	\$0.06346	\$0.06552
All over 600 kWhs	\$0.06612	(\$0.00206)	\$0.06406	\$0.00804	\$0.07210	\$0.07416
<u>General Services - Schedule 11</u>						
Basic Charge	\$6.00		\$6.00	\$0.50	\$6.50	\$6.50
Energy Charge:						
First 3,650 kWhs	\$0.07295	\$0.00362	\$0.07657	\$0.00913	\$0.08570	\$0.08208
All over 3,650 kWhs	\$0.06223	\$0.00362	\$0.06585	\$0.00778	\$0.07363	\$0.07001
Demand Charge:						
20 kW or less	no charge		no charge	no charge		no charge
Over 20 kW	\$3.50/kW		\$3.50/kW	\$0.50/kW	\$4.00/kW	\$4.00/kW
<u>Large General Service - Schedule 21</u>						
Energy Charge:						
First 250,000 kWhs	\$0.04800	\$0.00340	\$0.05140	\$0.00584	\$0.05724	\$0.05384
All over 250,000 kWhs	\$0.04097	\$0.00340	\$0.04437	\$0.00497	\$0.04934	\$0.04594
Demand Charge:						
50 kW or less	\$250.00		\$250.00	\$25.00	\$275.00	\$275.00
Over 50 kW	\$3.00/kW		\$3.00/kW	\$0.50/kW	\$3.50/kW	\$3.50/kW
Primary Voltage Discount	\$0.20/kW		\$0.20/kW		\$0.20/kW	\$0.20/kW
<u>Extra Large General Service - Schedule 25</u>						
Energy Charge:						
First 500,000 kWhs	\$0.03942	\$0.00319	\$0.04261	\$0.00469	\$0.04730	\$0.04411
All over 500,000 kWhs	\$0.03339	\$0.00319	\$0.03658	\$0.00397	\$0.04055	\$0.03736
Demand Charge:						
3,000 kva or less	\$9,000		\$9,000	\$1,000	\$10,000	\$10,000
Over 3,000 kva	\$2.75/kva		\$2.75/kva	\$0.50/kva	\$3.25/kva	\$3.25/kva
Primary Volt. Discount	\$0.20/kW		\$0.20/kW		\$0.20/kW	\$0.20/kW
Annual Minimum	Present:	\$511,470			\$571,460	
<u>Potlatch - Schedule 25P</u>						
Energy Charge:						
all kWhs	\$0.03404	\$0.00313	\$0.03717	\$0.00318	\$0.04035	\$0.03722
Demand Charge:						
3,000 kva or less	\$9,000		\$9,000	\$1,000	\$10,000	\$10,000
Over 3,000 kva	\$2.75/kva		\$2.75/kva	\$0.50/kva	\$3.25/kva	\$3.25/kva
Primary Volt. Discount	\$0.20/kW		\$0.20/kW		\$0.20/kW	\$0.20/kW
Annual Minimum	Present:	\$482,440			\$529,420	
<u>Pumping Service - Schedule 31</u>						
Basic Charge	\$6.00		\$6.00	\$0.50	\$6.50	\$6.50
Energy Charge:						
First 165 kW/kWh	\$0.06555	\$0.00343	\$0.06898	\$0.00815	\$0.07713	\$0.07370
All additional kWhs	\$0.05589	\$0.00343	\$0.05932	\$0.00695	\$0.06627	\$0.06284

(1) Includes all present rate adjustments: Schedule 66-Temporary PCA Adj., Schedule 91-Energy Efficiency Rider Adj., and Schedule 59-Residential & Farm Energy Rate Adj. (Sch. 1 only).

**AVISTA UTILITIES
IDAHO GAS
PROPOSED INCREASE BY SERVICE SCHEDULE
12 MONTHS ENDED DECEMBER 31, 2007
(000s of Dollars)**

<u>Line No.</u>	<u>Type of Service</u> (a)	<u>Schedule Number</u> (b)	<u>Base Tariff Revenue Under Present Rates(1)</u> (c)	<u>Proposed General Increase</u> (d)	<u>Base Tariff Revenue Under Proposed Rates</u> (e)	<u>Base Tariff Percent Increase</u> (f)
1	General Service	101	\$63,207	\$3,375	\$66,582	5.3%
2	Large General Service	111	\$17,869	\$486	\$18,355	2.7%
3	Interruptible Service	131	\$367	\$15	\$382	4.0%
4	Transportation Service	146	\$417	\$3	\$420	0.8%
5	Special Contracts	148	<u>\$211</u>	<u>\$0</u>	<u>\$211</u>	0.0%
6	Total		\$82,071	\$3,878	\$85,950	4.7%

(1) Includes Purchase Adjustment Schedule 156 / Excludes other rate adjustments.

**AVISTA UTILITIES
IDAHO GAS
PRESENT AND PROPOSED RATE COMPONENTS BY SCHEDULE**

(a)	Base Rate(1) (b)	Present Rate Adj.(2) (c)	Present Billing Rate (d)	General Rate Increase (e)	Sch. 191 Change (f)	Proposed Billing Rate(2) (g)	Proposed Base Rate(1) (h)	
<u>General Service - Schedule 101</u>								
Basic Charge	\$3.28		\$3.28	\$0.72		\$4.00	\$4.00	22.0%
Usage Charge:								
All therms	\$1.10888	(\$0.00328)	\$1.10560	\$0.05087		\$1.15647	\$1.15975	4.6%
<u>Large General Service - Schedule 111</u>								
Usage Charge:								
First 200 therms	\$1.09137	(\$0.00564)	\$1.08573	\$0.05445	(\$0.00010)	\$1.14008	\$1.14582	5.0%
200 - 1,000 therms	\$1.07319	(\$0.00564)	\$1.06755	\$0.01087	(\$0.00010)	\$1.07832	\$1.08406	1.0%
1,000 - 10,000 therms	\$0.97077	(\$0.00564)	\$0.96513	\$0.04023	(\$0.00010)	\$1.00526	\$1.01100	4.1%
All over 10,000 therms	\$0.97077	(\$0.00564)	\$0.96513	\$0.00023	(\$0.00010)	\$0.96526	\$0.97100	0.0%
Minimum Charge:								
per month	\$156.63		\$156.63	\$10.89		\$167.52	\$167.52	7.0%
per therm	\$0.30822	(\$0.00564)	\$0.30258		(\$0.00010)	\$0.30248	\$0.30822	0.0%
<u>High Annual Load Factor Large General Service - Schedule 121 -- MOVE TO SCH 111</u>								
Usage Charge:								
First 200 therms	\$1.08048	(\$0.00652)	\$1.07396	\$0.06534	\$0.00078	\$1.14008	\$1.14582	6.0%
200 - 500 therms	\$1.08048	(\$0.00652)	\$1.07396	\$0.00358	\$0.00078	\$1.07832	\$1.08406	0.3%
500 - 1,000 therms	\$1.07319	(\$0.00652)	\$1.06667	\$0.01087	\$0.00078	\$1.07832	\$1.08406	1.0%
1,000 - 10,000 therms	\$0.97077	(\$0.00652)	\$0.96425	\$0.04023	\$0.00078	\$1.00526	\$1.01100	4.1%
All over 10,000 therms	\$0.95199	(\$0.00652)	\$0.94547	\$0.01901	\$0.00078	\$0.96526	\$0.97100	2.0%
Minimum Charge:								
per month	\$386.13		\$386.13	(\$218.61)		\$167.52	\$167.52	-56.6%
per therm	\$0.30822	(\$0.00652)	\$0.30170		\$0.00078	\$0.30248	\$0.30822	0.0%
<u>Interruptible Service - Schedule 131</u>								
Usage Charge:								
All Therms	\$0.87157	(\$0.00868)	\$0.86289	\$0.03480		\$0.89769	\$0.90637	
<u>Transportation Service - Schedule 146</u>								
Basic Charge	\$200.00		\$200.00	\$0.00		\$200.00	\$200.00	
Usage Charge:								
All Therms	\$0.10976		\$0.10976	\$0.00086		\$0.11062	\$0.11062	

(1) Includes Schedule 150 - Purchased Gas Cost Adj.

(2) Includes Schedule 155 - Gas Rate Adj., Schedule 191 - Energy Efficiency Rider Adj.

APPENDIX 3

APPENDIX 3
AVISTA UTILITIES
Pro forma January 2009 - December 2009, Idaho Jurisdiction
PCA Authorized Expense and Retail Sales

	<u>Jan-09</u>	<u>Feb-09</u>	<u>Mar-09</u>	<u>Apr-09</u>	<u>May-09</u>	<u>Jun-09</u>	<u>Jul-09</u>	<u>Aug-09</u>	<u>Sep-09</u>	<u>Oct-09</u>	<u>Nov-09</u>	<u>Dec-09</u>
PCA Authorized Power Supply Expense												
Total	128,347,743	11,722,009	11,157,328	7,801,399	5,990,720	5,890,115	7,491,957	10,249,270	10,523,566	12,416,534	13,380,427	14,597,477
Account 555 - Purchased Power	31,507,125	2,910,807	2,727,459	2,932,808	2,582,443	1,255,673	1,333,012	2,889,525	3,025,063	2,909,474	3,016,833	2,987,751
Account 501 - Thermal Fuel	79,320,453	5,172,381	5,821,993	5,439,685	4,114,144	3,082,431	3,297,063	7,590,714	10,106,773	9,082,585	8,682,756	9,271,960
Account 547 - Natural Gas Fuel	79,531,456	3,261,944	4,590,314	5,648,433	9,379,926	13,648,568	11,526,382	9,646,527	4,990,262	4,281,137	3,718,684	5,005,546
Account 447 - Sale for Resale	159,643,865	21,948,185	15,681,148	13,881,399	5,118,059	-3,319,745	-1,006,191	8,325,669	18,480,845	18,234,488	20,397,440	20,583,117
Power Supply Expense												

	<u>Jan-09</u>	<u>Feb-09</u>	<u>Mar-09</u>	<u>Apr-09</u>	<u>May-09</u>	<u>Jun-09</u>	<u>Jul-09</u>	<u>Aug-09</u>	<u>Sep-09</u>	<u>Oct-09</u>	<u>Nov-09</u>	<u>Dec-09</u>
PCA Authorized Idaho Retail Sales and Pottlatch Generation												
Total	3,120,008	305,198	269,181	274,330	240,497	230,879	254,119	242,680	232,668	259,470	269,684	303,723
Total Retail Sales, MWh	462,755	40,053	35,982	25,909	38,217	39,430	40,149	43,017	44,432	35,902	35,755	42,576
Pottlatch Generation, MWh												

Note: For Oct.-Dec. 2008 the Retail Revenue Credit rate is the Embedded Rate of \$41.45/MWh; for 2009 the Retail Revenue Credit Rate is \$53.63/MWh per Johnson Direct at Page 14.