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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE

IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION FOR)
AUTHORITY TO INCREASE ITS RATES)
AND CHARGES FOR ELECTRIC AND)
NATURAL GAS SERVICE TO ELECTRIC)
AND NATURAL GAS CUSTOMERS IN)
THE STATE OF IDAHO.)**

**CASE NO. AVU-E-04-1/
AVU-G-04-1**

REJOINDER TESTIMONY OF KATHY STOCKTON

IDAHO PUBLIC UTILITIES COMMISSION

JULY 16, 2004

1 Q. Please state your name and business address?

2 A. My name is Kathy Stockton. My business address is
3 472 West Washington Street, Boise, Idaho.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed as a Senior Auditor by the Idaho
6 Public Utilities Commission.

7 Q. Are you the same Kathy Stockton that submitted
8 direct testimony in this case on June 21, 2004?

9 A. Yes, I am.

10 Q. What is the purpose of your rejoinder testimony?

11 A. The purpose of my testimony is to present Staff's
12 and the Company's agreed upon resolution to three of my
13 adjustments.

14 Q. Which contested adjustments have Staff and Avista
15 resolved?

16 A. The electric Accounts Receivable Sale Program Fees
17 Adjustment, the gas Accounts Receivable Sale Program Fees
18 Adjustment, and the Gas Inventory Adjustment.

19 Q. Have Staff and the Company reached an agreement on
20 these adjustments?

21 A. Yes. The Staff and the Company have agreed to
22 reduce these three Staff adjustments by 50%. Based upon the
23 relative strengths and merits of both Staff and Company's
24 positions as stated in Staff's direct testimony and the
25 Company's rebuttal testimony, Staff and Company agree that

1 this is a reasonable resolution of these issues for the
2 purpose of this proceeding. Based upon the Company's rebuttal
3 testimony, confusion over Avista Utilities cash working
4 capital requirement and its potential cost, and the lack of
5 other evidence to show whether these items were cost effective
6 for ratepayers, Staff has agreed to reduce these three
7 adjustments by half. While Staff continues to maintain that
8 some adjustment is necessary, Staff believes that reducing the
9 originally proposed adjustments by 50% is reasonable.

10 Q. What is the result of reducing the electric Accounts
11 Receivable Sale Program Fees by 50%?

12 A. Staff's revised adjustment increases Idaho electric
13 net operating income by \$179,000 and decreases the total
14 revenue requirement by \$280,000 as shown on Revised Staff
15 Exhibit No. 114.

16 Q. What is the result of reducing the gas Accounts
17 Receivable Sale Program Fees by 50%?

18 A. Staff's revised adjustment increases Idaho gas net
19 operating income by \$29,000 and decreases the total revenue
20 requirement by \$45,000 as shown on Revised Staff Exhibit No.
21 119.

22 Q. What is the result of reducing the Gas Inventory
23 adjustment by 50%?

24 A. Staff's Gas Inventory adjustment decreases Idaho gas
25 rate base by \$786,000, and decreases the total revenue

1 requirement by \$114,000 as shown on Revised Staff Exhibit No.
2 116.

3 Q. What is the effect of these revised adjustments on
4 Staff witness Harms' exhibits?

5 A. These revised adjustments have been reflected in
6 Staff's Revised Exhibit Nos. 101, 102, 106 and 107. The
7 purpose of these exhibits remains the same as described in
8 Staff witness Harms' direct testimony of June 21, 2004.

9 Q. What is the affect of your revised adjustments on
10 Staff witness Harms' proposed revenue requirement for electric
11 operations?

12 A. Staff calculates a **revised electric** revenue
13 requirement deficiency of \$23,356,000 and an overall revised
14 electric revenue percentage increase of 15.97%. There is no
15 change to Staff's electric rate base of \$418,277,000 proposed
16 on June 21, 2004. These changes increase Staff's
17 recommendation by \$278,000 or .19%. The method of calculating
18 these items remains the same as described in Staff witness
19 Harms' direct testimony of June 21, 2004 except that the
20 amount of the accounts receivable fees adjustment has been
21 revised (Revised Staff Exhibit No. 102, Page 2 of 3,
22 Adjustment E12).

23 Q. What is the affect of your revised adjustments on
24 Staff witness Harms' proposed revenue requirement for natural
25 gas operations?

1 A. Staff calculates a **revised natural gas** rate base of
2 \$59,653,000, a revised natural gas revenue requirement
3 deficiency of \$3,241,000 and a revised overall natural gas
4 revenue percentage increase of 6.24%. These changes increase
5 Staff's recommendation by \$136,000 or .26%. The method of
6 calculating these items remains the same as described in Staff
7 witness Harms' direct testimony of June 21, 2004 except that
8 my gas inventory and accounts receivable fees adjustments have
9 been revised (Revised Staff Exhibit No. 107, Page 1 of 2,
10 Adjustments G1 and G5).

11 Q. Do your revised adjustments have any other effect?

12 A. Yes. Because one of the components in Staff's debt
13 interest restatement is Staff pro forma rate base, my gas
14 inventory revision to rate base changes the product of this
15 calculation. Staff's revised debt interest restatement
16 (Revised Exhibit 107, Page 2 of 2, Adjustment G15) now
17 increases the Idaho gas current federal income tax accrual by
18 \$36,000 and increases the Idaho gas revenue requirement by
19 \$56,000.

20 Q. Does this conclude your rejoinder testimony?

21 A. Yes, it does.
22
23
24
25

AVISTA UTILITIES
 STAFF'S CALCULATION OF GENERAL REVENUE REQUIREMENT
 IDAHO ELECTRIC SYSTEM
 TEST YEAR 2002
 (000'S OF DOLLARS)

Line No.	Description	STAFF ORIGINAL IDAHO	STAFF REVISED IDAHO	COMPANY ORIGINAL IDAHO
1	Pro Forma Rate Base	\$418,277	\$418,277	\$440,207
2	Proposed Rate of Return	9.250%	9.250%	9.820%
3	Net Operating Income Requirement	\$38,691	\$38,691	\$43,228
4	Pro Forma Net Operating Income	\$23,627	\$23,449	\$20,712
5	Net Operating Income Deficiency	\$15,064	\$15,242	\$22,516
6	Conversion Factor	0.63926135	0.63926135	0.63926135
7	Revenue Requirement Deficiency	\$23,565	\$23,843	\$35,222
8	Levelized Deferred (1) Return on Coyote Springs 2	(487)	(487)	0
9	Revised Revenue Requirement Deficiency	\$23,078	\$23,356	\$35,222
10	Total General Business Revenues	\$146,248	\$146,248	\$146,248
11	Percentage Revenue Increase	15.78%	15.97%	24.08%
12	Revenue Increase without Levelization	16.11%	16.30%	

(1) This reflects the deferral of the Company's return on the Coyote Springs 2 plant for the first 10 years of its life. The deferral is calculated on Staff Exhibit No. 105.

The effect of this deferral is \$13,054 per \$1 million in Coyote Springs 2 gross plant.

Total gross plant as proposed by Staff witness Stockton equals	37,291,000
multiplied by	13,054 per million
	486,797
	487 at 000s level.

Revised Exhibit No. 101
 Case No. AVU-E-04-1/
 AVU-G-04-1
 P. Harms, Staff
 7/16/04

AVISTA UTILITIES
STAFF PRO FORMA IDAHO ELECTRIC RESULTS OF OPERATION
TWELVE MONTHS ENDED DECEMBER 31, 2002
(000'S OF DOLLARS)

Line No.	DESCRIPTION	STAFF'S ADJUSTMENTS:							E7 Coyote Springs 2	
		Company Pro Forma TOTAL	E1 Transmission	E2 Cabinet Gorge	E3 Boulder Park Depr.	E4 Boulder Park Dhallow.	E5 Skookumchuck	E6 Deferred FIT		
REVENUES										
1	Total General Business	\$146,138								
2	Interdepartmental Sales	110								
3	Sales for Resale	16,976								
4	Total Sales of Electricity	163,224	0	0	0	0	0	0	0	0
5	Other Revenue	4,701								
6	Total Electric Revenue	167,925	0	0	0	0	0	0	0	0
EXPENSES										
Production and Transmission										
7	Operating Expenses	38,447								(174)
8	Purchased Power	46,559								
9	Depreciation and Amortization	10,846	(232)		(88)		(44)		(10)	(94)
10	Taxes	3,894	(126)		1		(4)		(4)	0
11	Total Production & Transmission	99,746	(358)		(87)		(48)		(16)	(268)
Distribution										
12	Operating Expenses	6,495								
13	Depreciation	5,670								
14	Taxes	4,097								
15	Total Distribution	16,262	4		0		0		0	3
16	Customer Accounting	4,296								
17	Customer Service & Information	1,480								
18	Sales Expenses	421								
Administrative & General										
19	Operating Expenses	17,889								
20	Depreciation	3,878								
21	Taxes	1								
22	Total Admin. & General	21,768	0		0		0		0	0
23	Total Electric Expenses	143,973	(354)		(87)		(48)		(16)	(265)
24	OPERATING INCOME BEFORE FIT	23,952	354	2	87	48	12	0	0	265
FEDERAL INCOME TAX										
25	Current Accrual	774	264	3	30		4			93
26	Deferred Income Taxes	2,466	(140)				17			
27	NET OPERATING INCOME (line 24 - line 25 - line 26)	\$20,712	\$230	\$1	\$57	\$31	\$8	\$0	\$0	\$172
RATE BASE										
PLANT IN SERVICE										
28	Intangible	11,353								
29	Production	310,208		(111)			(1,062)		(199)	(3,324)
30	Transmission	109,162	(8,718)				(27)			1,519
31	Distribution	257,165								
32	General	36,363								
33	Total Plant in Service	724,251	(8,718)	(111)	0	(1,092)	(199)	0		(1,805)
34	ACCUMULATED DEPRECIATION	218,458	(125)		(44)		(22)		(68)	(95)
35	ACCUM. PROVISION FOR AMORTIZATION	3,368								
36	Total Accum. Depreciation & Amort.	221,826	(125)		(44)		(22)		(68)	(95)
37	GAIN ON SALE OF BUILDING	(61,593)	75	1	(31)	(15)	27		(9,966)	89
38	DEFERRED TAXES									
39	TOTAL RATE BASE (line 33 - line 36 + line 37 + line 38)	\$448,207	(\$8,518)	(\$110)	\$13	(\$1,085)	(\$104)	(\$9,966)	(\$1,621)	
40	REVENUE REQUIREMENT INCREASE (DECREASE)	\$31,297	(\$1,592)	(\$17)	(\$87)	(\$205)	(\$28)	(\$1,442)	(\$504)	

AVISTA UTILITIES
STAFF PRO FORMA IDAHO ELECTRIC RESULTS OF OPERATION
TWELVE MONTHS ENDED DECEMBER 31, 2002
(000'S OF DOLLARS)

Line No.	DESCRIPTION	STAFF'S ADJUSTMENTS (continued):										
		E8 Small Gen. Options	E9 Labor (Non-Exec.)	E10 Labor (Exec.)	E11 Vegetation Management	E12 Accts. Rec. Fees	E13 Pension Expense	E14 Depr. Expense	E15 Corp. Fees			
REVENUES												
1	Total General Business											
2	Interdepartmental Sales											
3	Sales for Resale											
4	Total Sales of Electricity	0	0	0	0	0	0	0	0	0	0	0
5	Other Revenue	0	0	0	0	0	0	0	0	0	0	0
6	Total Electric Revenue	0	0	0	0	0	0	0	0	0	0	0
EXPENSES												
Production and Transmission												
7	Operating Expenses		(12)	3	5					(296)		
8	Purchased Power											
9	Depreciation and Amortization										(137)	
10	Taxes											
11	Total Production & Transmission	0	(12)	3	5	0				(296)	(137)	0
Distribution												
12	Operating Expenses		(2)		(453)					(203)		
13	Depreciation										(348)	
14	Taxes		1		5	3				7		1
15	Total Distribution	0	(1)	0	(448)	3				(203)	(341)	1
16	Customer Accounting		(7)			(278)				(106)		
17	Customer Service & Information		0							(2)		
18	Sales Expenses		(1)							(14)		
Administrative & General												
19	Operating Expenses		(19)	(17)						(240)		(115)
20	Depreciation										(186)	
21	Taxes									9		
22	Total Adm. & General	0	(19)	(17)	0	0				(231)	(186)	(115)
23	Total Electric Expenses	0	(40)	(14)	(443)	(275)				(852)	(664)	(114)
24	OPERATING INCOME BEFORE FIT	0	40	14	443	275				852	664	114
FEDERAL INCOME TAX												
25	Current Accrual		14	5	155	96				298	232	40
26	Deferred Income Taxes											
27	NET OPERATING INCOME (line 24 - line 25 - line 26)	\$0	\$26	\$9	\$288	\$179				\$554	\$432	\$74
RATE BASE												
PLANT IN SERVICE												
28	Intangible											
29	Production											
30	Transmission											
31	Distribution											
32	General											
33	Total Plant in Service	(829)	0	0	0	0	0	0	0	0	0	0
ACCUMULATED DEPRECIATION												
34	ACCUM. PROVISION FOR AMORTIZATION											
35	Total Accum. Depreciation & Amort.	0	0	0	0	0	0	0	0	0	0	0
36	GAIN ON SALE OF BUILDING											
37	DEFERRED TAXES	290										
38	TOTAL RATE BASE (line 33 - line 36 + line 37 + line 38)	(\$539)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
39	REVENUE REQUIREMENT INCREASE (DECREASE)	(\$78)	(\$41)	(\$14)	(\$451)	(\$280)				(\$867)	(\$576)	(\$116)

AVISTA UTILITIES
 STAFF PRO FORMA IDAHO ELECTRIC RESULTS OF OPERATION
 TWELVE MONTHS ENDED DECEMBER 31, 2002
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	STAFF'S ADJUSTMENTS (continued):										Staff Pro Forma TOTAL
		E16 Legal Expenses	E17 Misc. Expenses	E18 WECC Expenses	E19 Advertising Expenses	E20 Avista Foundation	E21 Debt Int. Restate					
REVENUES												\$146,138
1	Total General Business											110
2	Interdepartmental Sales											16,976
3	Sales for Resale											163,224
4	Total Sales of Electricity	0	0	0	0	0	0	0	0	0	0	4,697
5	Other Revenue											167,921
6	Total Electric Revenue											
EXPENSES												
Production and Transmission												
7	Operating Expenses	(454)		(15)								37,502
8	Purchased Power											46,559
9	Depreciation and Amortization											10,241
10	Taxes											3,759
11	Total Production & Transmission	(454)	0	(15)	0	0	0	0	0	0	0	98,061
Distribution												
12	Operating Expenses											5,837
13	Depreciation											5,322
14	Taxes											4,121
15	Total Distribution	0	0	0	0	0	0	0	0	0	0	15,280
16	Customer Accounting											3,905
17	Customer Service & Information											1,478
18	Sales Expenses				(56)							350
Administrative & General												
19	Operating Expenses	(115)	(388)						(8)			16,987
20	Depreciation											3,692
21	Taxes	6	4		1							21
22	Total Adm. & General	(109)	(384)	0	1				(8)			20,700
23	Total Electric Expenses	(563)	(384)	(15)	(55)				(8)			139,774
24	OPERATING INCOME BEFORE FIT	563	384	15	55			8				28,147
FEDERAL INCOME TAX												
25	Current Accrual	197	134	5	19			3		(9)		2,357
26	Deferred Income Taxes											2,341
27	NET OPERATING INCOME (line 24 - line 25 - line 26)	\$366	\$250	\$10	\$36			\$5		\$9		\$23,449
RATE BASE												
PLANT IN SERVICE												
28	Intangible											11,353
29	Production											304,683
30	Transmission											101,936
31	Distribution											257,165
32	General											36,360
33	Total Plant in Service	0	0	0	0	0	0	0	0	0	0	711,497
34	ACCUMULATED DEPRECIATION											218,104
35	ACCUM. PROVISION FOR AMORTIZATION											3,368
36	Total Accum. Depreciation & Amort.	0	0	0	0	0	0	0	0	0	0	221,472
37	GAIN ON SALE OF BUILDING											(625)
38	DEFERRED TAXES											(71,123)
39	TOTAL RATE BASE (line 33- line 36 + line 37+ line 38)	\$0	\$0	\$0	\$0			\$0		\$0		\$418,277
40	REVENUE REQUIREMENT INCREASE (DECREASE)	(\$573)	(\$391)	(\$16)	(\$56)			(\$8)		(\$14)		\$23,843

AVISTA UTILITIES
 STAFF'S CALCULATION OF GENERAL REVENUE REQUIREMENT
 IDAHO GAS
 TEST YEAR 2002
 (000'S OF DOLLARS)

Line No.	Description	STAFF ORIGINAL IDAHO	STAFF REVISED IDAHO	COMPANY ORIGINAL IDAHO
1	Pro Forma Rate Base	\$58,867	\$59,653	\$63,078
2	Proposed Rate of Return	9.250%	9.250%	9.820%
3	Net Operating Income Requirement	\$5,445	\$5,518	\$6,194
4	Pro Forma Net Operating Income	\$3,460	\$3,446	\$3,155
5	Net Operating Income Deficiency	\$1,985	\$2,072	\$3,039
6	Conversion Factor	0.63926135	0.63926135	0.63926135
7	Revenue Requirement Deficiency	\$3,105	\$3,241	\$4,754
8	Total General Business Revenues	\$51,919	\$51,919	\$51,896
9	Percentage Revenue Increase	5.98%	6.24%	9.16%

Revised Exhibit No. 106
 Case No. AVU-E-04-1/
 AVU-G-04-1
 P. Harms, Staff
 7/16/04

AVISTA UTILITIES
STAFF PRO FORMA IDAHO GAS RESULTS OF OPERATION
TWELVE MONTHS ENDED DECEMBER 31, 2002
(000'S OF DOLLARS)

Line No.	DESCRIPTION	STAFF'S ADJUSTMENTS:							G7 Depr. Expense
		Company Pro Forma TOTAL	G1 Gas Inventory	G2 Deferred FIT	G3 Labor (Exec.)	G4 Labor (Non-Exec.)	G5 Accts. Rec. Fees	G6 Pension Expense	
1	REVENUES								
2	Total General Business	\$50,952							
3	Total Transportation	944							
4	Other Revenues	656							
4	Total Gas Revenues	52,552	0	0	0	0	0	0	0
5	EXPENSES								
5	Exploration and Development Production	0							
6	City Gate Purchases	35,638							(3)
7	Purchased Gas Expense	79							(2)
8	Net Nat Gas Storage Trans	86							(5)
9	Total Production	35,803	0	0	0	0	0	0	0
10	Underground Storage								
10	Operating Expenses	134							
11	Depreciation	111							(6)
12	Taxes	45							
13	Total Underground Storage Distribution	290	0	0	0	0	0	0	(6)
14	Operating Expenses	2,207							(83)
15	Depreciation	2,125							
16	Taxes	1,349							
17	Total Distribution	5,681	0	0	0	0	0	0	(83)
18	Customer Accounting	2,068							(59)
19	Customer Service & Information	261							(4)
20	Sales Expenses	234							(8)
21	Administrative & General Operating Expenses	3,812							(53)
22	Depreciation	618							
23	Taxes	11							2
24	Total Admin. & General	4,441							(51)
25	Total Gas Expense	48,778	0	0	0	0	0	0	(210)
26	OPERATING INCOME BEFORE FIT	3,774	0	0	0	0	0	0	43
27	FEDERAL INCOME TAX								
27	Current Accrual	3,554							15
28	Deferred FIT	(2,917)							73
29	Amort ITC	(18)							
30	NET OPERATING INCOME (line 26 - lines 27 to 29)	\$3,155	0	0	0	0	0	0	137
31	RATE BASE: PLANT IN SERVICE								
31	Underground Storage	5,041							0
32	Distribution Plant	88,538							0
33	General Plant	6,709							0
34	Total Plant in Service	100,288	0	0	0	0	0	0	0
35	ACCUMULATED DEPRECIATION								
35	Underground Storage	2,294							0
36	Distribution Plant	26,397							0
37	General Plant	2,702							0
38	Total Accum. Depreciation	31,393	0	0	0	0	0	0	0
39	DEFERRED TAXES	(7,192)	(786)	(2,639)					
40	GAS INVENTORY	1,572							
41	GAIN ON SALE OF BUILDING	(197)							
42	TOTAL RATE BASE (line 34 - line 38 + lines 39 to 41)	\$63,078	(\$786)	(\$2,639)	\$0	\$0	\$0	\$0	\$0
43	REVENUE REQUIREMENT INCREASE (DECREASE)	\$4,192	(\$1,144)	(\$382)	(\$3)	(\$9)	(\$45)	(\$214)	(\$44)

AVISTA UTILITIES
ELECTRIC PRO FORMA ADJUSTMENTS
IDAHO PUBLIC UTILITIES COMMISSION STAFF
TWELVE MONTHS ENDED DECEMBER 31, 2002
(000'S OF DOLLARS)

Avista Utilities - Electric Operations Accounts Receivable Fees Adjustment		ACCOUNTS RECEIVABLE FEES - REVISED		
Line No.	DESCRIPTION	Company Adjustment Idaho	Staff Adjustment Idaho	Net Adjustment Idaho
REVENUES				
1	Total General Business	\$0	\$0	\$0
2	Interdepartmental Sales			
3	Sales For Resale			
4	Total Sales of Electricity	0	0	0
5	Other Revenue	0	0	0
6	Total Electric Revenue	0	0	0
EXPENSES				
Production and Transmission				
7	Operating Expenses			0
8	Purchased Power			
9	Depreciation and Amortization			0
10	Taxes			0
11	Total Production & Transmission	0	0	0
Distribution				
12	Operating Expenses			0
13	Depreciation			
14	Taxes	0	3	3
15	Total Distribution	0	3	3
16	Customer Accounting	0	(278)	(278)
17	Customer Service & Information			
18	Marketing			
Administrative & General				
19	Operating Expenses			0
20	Depreciation			
21	Taxes			
22	Total Admin. & General	0	0	0
23	Total Electric Expenses	0	(275)	(275)
24	Operating Income before FIT	0	275	275
Federal Income Taxes				
25	Current Accrual	0	96	96
26	Deferred Income Taxes			
27	NET OPERATING INCOME	<u>\$0</u>	<u>\$179</u>	<u>\$179</u>
RATE BASE				
PLANT IN SERVICE				
28	Intangible			
29	Production			0
30	Transmission			
31	Distribution			
32	General			
33	Total Plant in Service	0	0	0
34	ACCUMULATED DEPRECIATION			0
35	ACCUM. PROVISION FOR AMORTIZATION			
36	Total Accum. Depreciation & Amort.	0	0	0
37	GAIN ON SALE OF BUILDING			
38	DEFERRED TAXES			0
39	TOTAL RATE BASE	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
40	Revenue Requirement Increase (Decrease)			<u>(\$280)</u>

Revised Exhibit No. 114
Case No. AVU-E-04-1/
AVU-G-04-1
K. Stockton, Staff
7/16/04

AVISTA UTILITIES
GAS PRO FORMA ADJUSTMENTS
IDAHO PUBLIC UTILITIES COMMISSION STAFF
TWELVE MONTHS ENDED DECEMBER 31, 2002
(000'S OF DOLLARS)

Avista Utilities - Gas Operations Gas Inventory Adjustment		GAS INVENTORY ADJUSTMENT - REVISED		
Line No.	Description	Company Adjustment Idaho	Staff Adjustment Idaho	Net Adjustment Idaho
REVENUES				
1	Total General Business	\$0	\$0	\$0
2	Total Transportation			
3	Other Revenues			
4	Total Gas Revenues	<u>0</u>	<u>0</u>	<u>0</u>
EXPENSES				
5	Exploration & Development Production			
6	City Gate Purchases			
7	Purchased Gas Expense			
8	Net Nat. Gas Storage Trans			
9	Total Production	<u>0</u>	<u>0</u>	<u>0</u>
Underground Storage				
10	Operating Expenses			
11	Depreciation			
12	Taxes			
13	Total Underground Storage	<u>0</u>	<u>0</u>	<u>0</u>
Distribution				
14	Operating Expenses			
15	Depreciation			
16	Taxes			
17	Total Distribution	<u>0</u>	<u>0</u>	<u>0</u>
18	Customer Accounting			
19	Customer Service & Information			
20	Sales			
Administrative and General				
21	Operating Expenses			
22	Depreciation			
23	Taxes			
24	Total Admin. & General	<u>0</u>	<u>0</u>	<u>0</u>
25	Total Gas Expense	<u>0</u>	<u>0</u>	<u>0</u>
26	Operating Income before FIT	0	0	0
Federal Income Taxes				
27	Current Accrual	0	0	0
28	Deferred FIT	35.0%	0	0
29	Amort ITC			
30	NET OPERATING INCOME	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
RATE BASE				
PLANT IN SERVICE				
31	Underground Storage			
32	Distribution Plant			
33	General Plant			
34	Total Plant in Service	<u>0</u>	<u>0</u>	<u>0</u>
ACCUMULATED DEPRECIATION				
35	Underground Storage			
36	Distribution Plant			
37	General Plant			
38	Total Accum. Depreciation	<u>0</u>	<u>0</u>	<u>0</u>
39	DEFERRED TAXES			
40	GAS INVENTORY	1,572	786	(786)
41	GAIN ON SALE OF BUILDING			
42	TOTAL RATE BASE	<u>\$1,572</u>	<u>\$786</u>	<u>(786)</u>
43	Revenue Requirement Increase (Decrease)			<u>(\$114)</u>

Revised Exhibit No. 116
Case No. AVU-E-04-1/
AVU-G-04-1
K. Stockton, Staff
7/16/04

AVISTA UTILITIES
GAS PRO FORMA ADJUSTMENTS
IDAHO PUBLIC UTILITIES COMMISSION STAFF
TWELVE MONTHS ENDED DECEMBER 31, 2002
(000'S OF DOLLARS)

Avista Utilities - Gas Operations Accounts Receivable Fees Adjustment		ACCOUNTS RECEIVABLE FEES ADJUSTMENT - REVISED		
Line No.	DESCRIPTION	Company Adjustment Idaho	Staff Adjustment Idaho	Net Adjustment Idaho
REVENUES				
1	Total General Business	\$0	\$0	\$0
2	Total Transportation			
3	Other Revenues			
4	Total Gas Revenues	<u>0</u>	<u>0</u>	<u>0</u>
EXPENSES				
5	Exploration & Development			
Production				
6	City Gate Purchases			
7	Purchased Gas Expense			
8	Net Nat. Gas Storage Trans			
9	Total Production	<u>0</u>	<u>0</u>	<u>0</u>
Underground Storage				
10	Operating Expenses			
11	Depreciation			
12	Taxes			
13	Total Underground Storage	<u>0</u>	<u>0</u>	<u>0</u>
Distribution				
14	Operating Expenses			
15	Depreciation			
16	Taxes	<u>0</u>	<u>0</u>	<u>0</u>
17	Total Distribution	<u>0</u>	<u>0</u>	<u>0</u>
18	Customer Accounting		(44)	(44)
19	Customer Service & Information			
20	Sales			
Administrative and General				
21	Operating Expenses			
22	Depreciation			
23	Taxes			
24	Total Admin. & General	<u>0</u>	<u>0</u>	<u>0</u>
25	Total Gas Expense	<u>0</u>	<u>(44)</u>	<u>(44)</u>
26	Operating Income before FIT	0	44	44
Federal Income Taxes				
27	Current Accrual	35% 0	15	15
28	Deferred FIT			
29	Amort ITC			
30	NET OPERATING INCOME	<u>\$0</u>	<u>\$29</u>	<u>\$29</u>
RATE BASE				
PLANT IN SERVICE				
31	Underground Storage			
32	Distribution Plant			
33	General Plant			
34	Total Plant in Service	<u>0</u>	<u>0</u>	<u>0</u>
ACCUMULATED DEPRECIATION				
35	Underground Storage			
36	Distribution Plant			
37	General Plant			
38	Total Accum. Depreciation	<u>0</u>	<u>0</u>	<u>0</u>
39	DEFERRED TAXES			
40	GAS INVENTORY			
41	GAIN ON SALE OF BUILDING			
42	TOTAL RATE BASE	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
43	Revenue Requirement Increase (Decrease)			<u>(\$45)</u>

Revised Exhibit No. 119
Case No. AVU-E-04-1/
AVU-G-04-1
K. Stockton, Staff
7/16/04

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 16TH DAY OF JULY 2004, SERVED THE FOREGOING **REJOINDER TESTIMONY OF KATHY STOCKTON**, IN CASE NO. AVU-E-04-1/AVU-G-04-1, BY E-MAILING A COPY THEREOF AND BY HAND DELIVERING A COPY THEREOF, ON THE 19TH OF JULY, TO THE FOLLOWING:

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SR VP AND GENERAL COUNSEL
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E-mail dmeyer@avistacorp.com

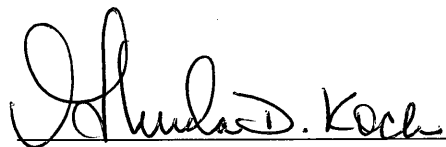
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SECRETARY