

BEFORE THE

RECEIVED

2009 MAY 29 AM 11:42

IDAHO PUBLIC UTILITIES COMMISSION

IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
 OF AVISTA CORPORATION FOR THE)
 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-09-1/
AVU-G-09-1

DIRECT TESTIMONY OF CECILY VAUGHN

IDAHO PUBLIC UTILITIES COMMISSION

MAY 29, 2009

1 Q. Please state your name and address for the
2 record.

3 A. My name is Cecily Vaughn. My business address
4 is 472 West Washington Street, Boise, Idaho.

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

7 A. I am employed by the Idaho Public Utilities
8 Commission (Commission) as an auditor in the Utilities
9 Division.

10 Q. What is your educational and experience
11 background?

12 A. I graduated from Washington State University
13 in 1974 with a Bachelors of Science degree in Veterinary
14 Science; I received my degree as a Doctor of Veterinary
15 Medicine at the same time. I practiced as a veterinarian
16 in the State of Washington until approximately 1987.
17 From 1993 until 1996 I attended the College of Business
18 and Economics at the University of Arkansas in
19 Fayetteville, Arkansas. From 1996 until 1997 I studied
20 at the College of Business at Boise State University with
21 an emphasis in accounting. I passed the Uniform CPA exam
22 in the fall of 1997; I am currently a licensed CPA in the
23 State of Idaho.

24 I was employed as a financial analyst by
25 Hewlett Packard from 1998 until 2000. In that position I

1 provided sole financial support for the HP test lab
2 located in Boise, a cost center with an annual budget in
3 excess of \$50 million. I was solely responsible for
4 coordinating the semi-annual budgeting process, for
5 developing and implementing the allocation system used to
6 distribute costs to multiple profit centers, and for
7 ensuring that costs incurred were appropriate and met
8 budgetary goals. During this time I also served as
9 inventory analyst for the Personal LaserJet Division, a
10 \$2 billion per year profit center. In this role, I was
11 responsible for accurate valuation of worldwide inventory
12 and for removal of intra-corporate profit included in
13 inventory value.

14 From 2000 until 2003 I was employed as
15 Grants Accountant (Financial Specialist) for the Center
16 for Geophysical Investigation of the Shallow Subsurface
17 at Boise State University; I was promoted to Senior
18 Financial Specialist in 2002. During my employment at
19 BSU, I was responsible for all aspects of grant
20 accounting for the Center, including budgeting,
21 submission, and ensuring that grant funds were expended
22 and accounted for in accordance with funding agency
23 regulations. I also assisted in the preparation of the
24 F&A (Facilities and Administration) request used to set
25 the overhead rate applied to all Federal Grants awarded

1 the University.

2 I have been employed by the Commission as an
3 auditor since June 2007. I attended the annual
4 regulatory studies program sponsored by the National
5 Association of Regulatory Utilities Commissioners (NARUC)
6 at Michigan State University in August 2007. In
7 addition, I have attended numerous professional seminars
8 and workshops related to energy, utility regulation, and
9 accounting.

10 **SUMMARY**

11 Q. What is the purpose of your testimony?

12 A. The purpose of my testimony is to present
13 the Staff-recommended revenue increase to base rates for
14 the Avista Utilities' Idaho electric jurisdiction. First
15 I will present adjustments recommended by Staff that
16 affect the Idaho electric net operating income and rate
17 base. Finally I will present the model that develops the
18 Idaho electric revenue requirement and shows how the
19 Staff recommendation differs from the revenue requirement
20 proposed by Company witness Andrews in her pre-filed
21 testimony at page 5, line 10.

22 Q. In addition to the Company revenue
23 requirement, does your testimony address any other
24 issues?

25 A. Yes. I reviewed the allocation and

1 jurisdictional separation methodologies used by the
2 Company to assign costs to the different geographic
3 jurisdictions (Idaho, Oregon, or Washington) and to the
4 different functional areas (electric or gas). My review
5 of these methodologies included (a) development of the
6 four-factor allocation factors and (b) the jurisdictional
7 separation methodology and it's linkage to the cost of
8 service methodology.

9 Q. Did your review of these areas affect the
10 revenue requirement proposed by Staff?

11 A. No.

12 Q. Does Staff recommend any changes to these
13 allocation models at this time?

14 A. No. The allocation models employed by the
15 Company have been in use for some time. Staff reviewed
16 these models and believes the methodology to be
17 reasonable and does not recommend any change to the
18 allocation methodology at this time.

19 Q. Are you sponsoring any exhibits?

20 A. Yes, I am sponsoring Exhibit Nos. 116
21 through 118.

22 **STAFF ADJUSTMENT SUMMARY AND REVENUE REQUIREMENT**

23 Q. Please describe the method by which Avista
24 developed its forecast test year.

25 A. Avista developed a pro formed year for the

1 period of July 1, 2009 through June 30, 2010. This year
2 was developed as follows. (1) The actual data for the
3 12-month period ending September 30, 2008 was modified by
4 routine regulatory and normalization adjustments to
5 develop the base year. (2) Base year amounts were
6 adjusted by category to develop the pro formed 2009-2010
7 year. The model for the development of the historical
8 test year is shown in the electronic workpapers provided
9 with this testimony.

10 Q. Please explain how Staff audited and made
11 adjustments to the Company pro formed year.

12 A. First, Staff audited the base year data.
13 Second, Staff evaluated the various pro formed
14 adjustments proposed by the Company to determine if the
15 adjustments were known and measurable and to determine if
16 the adjustments were reasonable for ratemaking purposes.

17 Q. Does Staff recommend any changes to the pro
18 formed year?

19 A. As discussed by Staff witness Lobb, Staff
20 believes the year ending December 31, 2009, is more
21 reasonable for ratemaking purposes. Therefore Staff
22 recommends that pro formed adjustments, with the
23 exception of power supply, be consistent with the year
24 ending December 31, 2009.

25 Q. Please summarize Staff's recommendations in

1 this case.

2 A. Staff recommends a total electric revenue
3 requirement of \$250,621,000. This is the sum of
4 \$241,999,000 adjusted test year revenues plus the
5 \$8,622,000 revenue deficiency calculated by Staff. This
6 results in a 3.91% overall increase in base revenues.
7 Staff's recommended revenue requirement is based on an
8 Idaho electric rate base of \$564,144,000; total electric
9 operating income of \$42,721,000; total electric operating
10 expenses of \$186,708,000 for the Idaho jurisdiction; and
11 a rate of return of 8.55%.

12 Although Staff recommends an increase of
13 3.91% in base rates, Staff also recommends that this
14 increase be offset by a decrease in the Power Cost
15 Adjustment (PCA) for a net average increase of zero. The
16 decrease in the PCA is discussed further by Staff witness
17 Hessing in his testimony.

18 **Summary of Adjustments**

19 Q. Please explain Exhibit No. 116.

20 A. Exhibit No. 116 consists of two pages.
21 Column (c) on page 1 summarizes the calculation of the
22 \$8,622,000 revenue requirement at the 8.55% rate of
23 return recommended by Staff. Staff witness Carlock
24 discusses the cost of capital and rate of return in her
25 testimony. Column (b) shows the calculation of the

1 revenue requirement proposed by the Company at an 8.80%
2 rate of return. Column (d) shows the difference between
3 the Company proposal and Staff's recommendation.

4 Q. Please explain Exhibit No. 116, page 2.

5 A. Exhibit No. 116, Page 2, Column (c) shows
6 the derivation of the net operating income to gross
7 revenue conversion factor used by Staff and compares the
8 conversion factor to that used by the Company as shown in
9 Column (b). The only difference between the Company
10 conversion factor and that used by Staff is due to a
11 change in Commission regulatory fees and appears on line
12 (4). This change is discussed further in Staff witness
13 English's testimony.

14 Q. Please explain Exhibit No. 117.

15 A. Exhibit No. 117 consists of two pages and
16 compares the pro forma electric operating results and
17 rate base recommended by Staff to that proposed by the
18 Company for the Idaho jurisdiction as described by
19 Company witness Andrews in her prefiled testimony at page
20 14, line 15, through page 15, line 8.

21 Column (b), pages 1-2, of Exhibit No. 117
22 shows the pro forma results of operations as proposed by
23 the Company under existing rates. Column (c) shows the
24 revenue increase proposed by the Company to earn an 8.80%
25 rate of return. Column (d) reflects pro forma electric

1 operating results with the Company-proposed increase of
2 \$31,233,000. Column (e) shows the adjustments Staff
3 believes should be made to the Company's pro forma
4 results of operations. Column (f) shows the pro-forma
5 total results of operations recommended by Staff. Column
6 (g) reflects the revenues and related expenses required
7 for the Company to earn the recommended 8.55% rate of
8 return. Column (h) shows the pro forma electric
9 operating results with the Staff-recommended increase of
10 \$8,622,000.

11 Q. Please explain Exhibit No. 118.

12 A. Exhibit No. 118 summarizes the adjustments
13 recommended by each Commission Staff member. Exhibit No.
14 118 consists of 4 pages and lists all adjustments
15 recommended by Staff that affect revenue requirement.
16 Page 1 of Exhibit No. 118 summarizes total adjustments
17 recommended by Staff and shows the impact of the
18 adjustments on net operating income and rate base. Pages
19 2-4 list the individual adjustments recommended by Staff
20 and also shows how each individual adjustment affects net
21 operating income and rate base.

22 Page 1 of Exhibit No. 118 summarizes total
23 adjustments for each Staff witness. Column (b) shows the
24 pro formed revenues, expenses, net operating income and
25 rate base as proposed by the Company. Column (c) shows

1 the total of all adjustments recommended by Staff witness
2 English. Adjustments recommended by Mr. English have no
3 effect on revenues, decrease electric expense by
4 \$3,132,000, and increase net operating income by
5 \$2,036,000; there is no impact on rate base. Staff
6 witness English discussed these adjustments in his
7 testimony. Column (d) shows the total of all adjustments
8 recommended by Staff witness Leckie. Adjustments
9 recommended by Mr. Leckie have no effect on revenues,
10 decrease electric expense by \$2,113,000, and increase net
11 operating income by \$1,374,000. Mr. Leckie recommends
12 reducing rate base by \$14,832,000. He discusses these
13 adjustments in his testimony. Column (e) shows the total
14 of all adjustments recommended by Staff witness Sterling.
15 Adjustments recommended by Mr. Sterling decrease revenues
16 by \$11,670,000 and decrease electric expense by
17 \$25,886,000, thus increasing net operating income by
18 \$9,241,000; Mr. Sterling's adjustments have no impact on
19 rate base. Staff witness Sterling discussed these
20 adjustments previously in his testimony.

21 Column (f) shows the total of all
22 adjustments recommended by me. These adjustments
23 increase revenues by \$509,000, increase electric expense
24 by \$1,492,000, and so decrease net operating income by
25 \$792,000; rate base is increased by \$1,542,000. Column

1 (g) shows the pro formed revenues, expenses, net
2 operating income, and rate base recommended by Staff to
3 be used in calculation of the revenue requirement in this
4 case.

5 Q. Please explain pages 2-4 of Exhibit No. 118.

6 A. Pages 2-4 show each adjustment recommended
7 by Staff witnesses. Columns (c-o) and Column (r) show
8 each adjustment recommended by Staff witness English.
9 Column (q) and Columns (s-t) show the individual
10 adjustments recommended by Staff witness Leckie. Column
11 (p) shows the adjustments to power supply costs
12 recommended by Staff witness Sterling. Columns (u-v)
13 show the adjustments that I recommend. Column (w) shows
14 the pro formed revenues, expenses, net operating income,
15 and rate base recommended by Staff to be used in
16 calculation of the revenue requirement in this case. Row
17 (3) shows the workpaper reference for each of the
18 individual adjustments.

19 Q. Please explain the adjustments you recommend
20 in Exhibit No. 118, Columns (u-v).

21 A. Column (v) of Exhibit No. 118 shows the
22 production property adjustment. This Staff adjustment
23 mitigates other Staff changes and modifies the Company's
24 production property adjustment. This adjustment
25 increases revenues by \$509,000, increases electric

1 expenses by \$1,492,000, and thus decreases net operating
2 income by \$639,000. In addition this adjustment
3 increases rate base by \$1,542,000. This calculated
4 adjustment corrects a timing difference between the
5 forecast load growth and the time rates are expected to
6 go into effect. This adjustment is discussed further in
7 Staff witness Hessing's testimony.

8 Column (u) shows the debt reconciliation.
9 This adjustment restates debt interest by using the Staff
10 proposed pro forma weighted average cost of debt and
11 applying it to Idaho's pro forma level of rate base.
12 This calculation produces a pro forma level of tax
13 deductible interest expense. The federal income tax
14 effect of the restated level of interest for the test
15 period decreases Idaho net operating income by \$153,000.

16 Q. Does this conclude your direct testimony in
17 this proceeding?

18 A. Yes, it does.
19
20
21
22
23
24
25

AVISTA UTILITIES
Calculation of General Revenue Requirement
IDAHO - Electric System
AVU-E-09-1

Line No.	Description	As filed by Company (000's of Dollars)	Staff Recommendation (000's of Dollars)	Staff vs. Company Change
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>
1	Pro Forma Rate Base excl Kettle Falls	\$577,434	\$564,144	(\$13,290)
2	Proposed Rate of Return	8.800%	8.550%	-0.250%
5	Net Operating Income Requirement	\$50,814	\$48,234	(\$2,580)
6	Pro Forma Net Operating Income	\$30,863	\$42,721	\$11,858
7	Net Operating Income Deficiency	\$19,951	\$5,513	(\$14,439)
8	Conversion Factor	0.638787	0.639336	0.000549
9	Revenue Requirement	\$31,233	\$8,622	(\$22,611)
10	Total General Business Revenues	\$220,252	\$220,252	\$0
11	Percentage Revenue Increase	14.18%	3.91%	-10.27%

AVISTA UTILITIES
CALCULATION OF CONVERSION FACTOR: IDAHO ELECTRIC
 AVU-E-09-1

Line No.	<i>a</i>	For Twelve Months Ended September 30, 2008 <i>b</i>	For Twelve Months Ended December 31, 2009 <i>c</i>
1	Revenues	1.000000	1.000000
2	Expense:		
3	Uncollectibles	0.002528	0.002528
4	Commission Fees	0.002507	0.001662
5	Idaho Income Tax	0.012216	0.012216
6	Total Expense	<u>0.017251</u>	<u>0.016406</u>
7	Net Operating Income Before FIT	0.982749	0.983594
8	Federal Income Tax @ 35.00%	0.343962	0.344258
9	REVENUE CONVERSION FACTOR	<u>0.638787</u>	<u>0.639336</u>

AVISTA UTILITIES
 ELECTRIC RESULTS OF OPERATION
 IDAHO PRO FORMA RESULTS
 AVU-E-09-1
 (000'S OF DOLLARS)

Line No.	DESCRIPTION <i>a</i>	WITH PRESENT RATES <i>b</i>		WITH RATES PROPOSED BY COMPANY <i>c</i>		WITH RATES PROPOSED BY COMPANY <i>d</i>		WITH RATES PROPOSED BY COMPANY <i>e</i>		WITH PRESENT RATES <i>f</i>		WITH RATES PROPOSED BY STAFF <i>g</i>		WITH RATES PROPOSED BY STAFF <i>h</i>	
		Pro Forma Total	Proposed Revenues & Related Exp	Pro Forma Proposed Total	Proposed Revenues & Related Exp	Pro Forma Total	Proposed Revenues & Related Exp	Total Staff Adjustments to Company	Pro Forma Total	Proposed Revenues & Related Exp	Pro Forma Total	Proposed Revenues & Related Exp	Pro Forma Total	Proposed Revenues & Related Exp	Pro Forma Total
REVENUES															
1	Total General Business	\$220,107	\$31,233	\$251,340						\$220,107	\$8,622	\$228,729			
2	Interdepartmental Sales	145		145						145		\$145			
3	Sales for Resale	27,610		27,610				(11,194)		16,416		16,416			
4	Total Sales of Electricity	247,862	31,233	279,095				(11,194)		236,668	8,622	245,290			
5	Other Revenue	5,298		5,298				33		5,331		5,331			
6	Total Electric Revenue	253,160	31,233	284,393				(11,161)		241,999	8,622	250,621			
EXPENSES															
Production and Transmission															
7	Operating Expenses	64,401		64,401						53,898		\$53,898			
8	Purchased Power	74,664		74,664				(10,502)		57,811		\$57,811			
9	Depreciation and Amortization	16,634		16,634				(16,853)		15,678		\$15,678			
10	Taxes	6,123		6,123				(956)		6,123		6,123			
11	Total Production & Transmission	161,822	0	161,822				(28,311)		133,511	0	133,511			
Distribution															
12	Operating Expenses	9,627		9,627						9,514		\$9,514			
13	Depreciation	10,048		10,048				(113)		10,048		\$10,048			
14	Taxes	2,986	381	3,367				231		3,217	105	3,322			
15	Total Distribution	22,661	381	23,042				118		22,779	105	22,884			
16	Customer Accounting	3,484	79	3,563				(34)		3,450	22	3,472			
17	Customer Service & Information	1,546		1,546				(3)		1,543		1,543			
18	Sales Expenses	274		274				(3)		271		271			
Administrative & General															
19	Operating Expenses	21,557	78	21,635				(1,405)		20,152	14	20,167			
20	Depreciation	4,867		4,867						4,867		4,867			
21	Taxes	135		135						135		135			
22	Total Admin. & General	26,559	78	26,637				(1,405)		25,154	14	25,169			
23	Total Electric Expenses	216,345	538	216,883				(29,637)		186,708	141	186,849			
24	OPERATING INCOME BEFORE FIT	36,815	30,695	67,510				18,476		55,293	8,481	63,774			

AVISTA UTILITIES
 ELECTRIC RESULTS OF OPERATION
 IDAHO PRO FORMA RESULTS
 AVU-E-09-1
 (000'S OF DOLLARS)

Line No.	DESCRIPTION <i>a</i>	WITH PRESENT RATES <i>b</i>		WITH RATES PROPOSED BY COMPANY <i>d</i>			Total Staff Adjustments to Company Pro Forma Total <i>e</i>	WITH PRESENT RATES <i>f</i>		WITH RATES PROPOSED BY STAFF <i>g</i>		
		Pro Forma Total	Total	Proposed Revenues & Related Exp	Pro Forma Proposed Total	Pro Forma Total		Staff Pro Forma Total	Proposed Revenues & Related Exp	Pro Forma Proposed Total	Pro Forma Proposed Total	
25	FEDERAL INCOME TAX											
26	Current Accrual	579	11,322	10,743	11,322	6,620	7,199	2,970	10,167			
27	Deferred Income Taxes	5,373	5,373		5,373		5,373		5,373			
27	Amortized Investment Tax Credit											
28	SETTLEMENT EXCHANGE POWER											
29	NET OPERATING INCOME	\$30,863	\$50,815	\$19,952	\$50,815	\$11,856	\$42,721	\$5,510	\$48,232			
	RATE BASE											
	PLANT IN SERVICE											
30	Intangible	\$40,744	\$40,744		\$40,744		\$ (15,358)	\$25,386	\$25,386			\$25,386
31	Production	371,398	371,398		371,398		\$ (482)	370,916	370,916			370,916
32	Transmission	165,657	165,657		165,657			165,657	165,657			165,657
33	Distribution	390,133	390,133		390,133			390,133	390,133			390,133
34	General	61,178	61,178		61,178			61,178	61,178			61,178
35	Total Plant in Service	1,029,110	1,029,110	0	1,029,110	(15,840)	1,013,270	0	1,013,270			1,013,270
36	ACCUMULATED DEPRECIATION	352,675	352,675		352,675	(83)	352,592		352,592			352,592
37	ACCUM. PROVISION FOR AMORTIZATION	4,472	4,472		4,472	(145)	4,327		4,327			4,327
38	Total Accum. Depreciation & Amort.	357,147	357,147	0	357,147	(228)	356,919	0	356,919			356,919
39	GAIN ON SALE OF BUILDING	(252)	(252)		(252)		(252)		(252)			(252)
40	DEFERRED TAXES	(94,277)	(94,277)		(94,277)	2,322	(91,955)		(91,955)			(91,955)
41	TOTAL RATE BASE	\$577,434	\$577,434	\$0	\$577,434	(\$13,290)	\$564,144	\$0	\$564,144			\$564,144
42	RATE OF RETURN	5.34%	8.80%		8.80%		7.57%		8.55%			8.55%

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
IDAHO RESTATE RESULTS
AVU-E-09-1
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Pro Forma TOTAL	Staff Witness D. English Total	Staff Witness J. Leckle Total	Staff Witness R. Sterling Total	Staff Witness C. Vaughn Total	Staff Total
1			c	d	e	f	g
4	REVENUES						
5	Total General Business	\$220,107	\$0	\$0	\$0	\$0	\$220,107
6	Interdepartmental Sales	145	0	0	0	0	\$145
7	Sales for Resale	27,610			(11,670)	476	\$16,416
8	Total Sales of Electricity	247,862	0	0	(11,670)	476	\$236,668
9	Other Revenue	5,298				33	\$5,331
10	Total Electric Revenue	253,160	0	0	(11,670)	509	\$241,999
11	EXPENSES						
12	Production and Transmission		0	0	0	0	\$0
13	Operating Expenses	64,401	(1,613)	(1,063)	(8,493)	667	\$53,898
14	Purchased Power	74,664	0	0	(17,569)	716	\$57,811
15	Depreciation and Amortizatic	16,634	0	(1,077)	0	121	\$15,678
16	Taxes	6,123	0	0	0	0	\$6,123
17	Total Production & Transm	161,822	(1,613)	(2,140)	(26,062)	1,504	\$133,511
18	Distribution		0	0	0	0	\$0
19	Operating Expenses	9,627	(113)	0	0	0	\$9,514
20	Depreciation	10,048	0	0	0	0	\$10,048
21	Taxes	2,986	40	27	176	(12)	\$3,217
22	Total Distribution	22,661	(75)	27	176	(12)	\$22,777
23	Customer Accounting	3,484	(34)	0	0	0	\$3,450
24	Customer Service & Information	1,546	(3)	0	0	0	\$1,543
25	Sales Expenses	274	(3)	0	0	0	\$271
26	Administrative & General		0	0	0	0	\$0
27	Operating Expenses	21,557	(1,405)	0	0	0	\$20,152
28	Depreciation	4,867	0	0	0	0	\$4,867
29	Taxes	135	0	0	0	0	\$135
30	Total Admin. & General	26,559	(1,405)	0	0	0	\$25,154
31	Total Electric Expenses	216,345	(3,132)	(2,113)	(25,886)	1,492	\$186,706
32	OPERATING INCOME BEFOI	36,815	3,132	2,113	14,216	(983)	\$55,293
33			0	0	0	0	\$0
34	FEDERAL INCOME TAX		0	0	0	0	\$0
35	Current Accrual	579	1,096	739	4,975	(190)	\$7,199
36	Deferred Income Taxes	5,373	0	0	0	0	\$5,373
37	NET OPERATING INCOME	\$30,863	\$2,036	\$1,374	\$9,241	(\$792)	\$42,721
40	RATE BASE		0	0	0	0	\$0
41	PLANT IN SERVICE		0	0	0	0	\$0
42	Intangible	\$40,744	\$0	(\$15,358)	\$0	\$0	\$25,386
43	Production	371,398	0	(2,435)	0	1,953	\$370,916
44	Transmission	165,657	0	0	0	0	\$165,657
45	Distribution	390,133	0	0	0	0	\$390,133
46	General	61,178					\$61,178
47	Total Plant in Service	1,029,110	0	(17,793)	0	1,953	\$1,013,270
48	ACCUMULATED DEPRECIATION	352,675	0	(110)	0	27	\$352,592
49	ACCUM. PROVISION FOR AI	4,472		\$(145)			\$4,327
50	Total Accum. Depreciation &	357,147		\$(255)		\$27	\$356,919
51	GAIN ON SALE OF BUILDING	(252)	0	0	0	0	-\$252
52	DEFERRED TAXES	(94,277)		\$2,706		\$(384)	-\$91,955
53	TOTAL RATE BASE	\$577,434	\$0	(\$14,832)	\$0	\$1,542	\$564,144

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
IDAHO RESTATED RESULTS
AVU-E-09-1
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Pro Forma TOTAL	Staff PF Labor	Staff PF Exec	Staff PF Insur	Staff PF Incent	Staff Officer Incentive	Staff Info Systems	Staff Misc D. English	Staff BoD Expenses
			D. English <i>c</i>	D. English <i>d</i>	D. English <i>e</i>	D. English <i>f</i>	D. English <i>g</i>	D. English <i>h</i>	D. English <i>i</i>	D. English <i>j</i>
			Staff1	Staff2	Staff3	Staff4	Staff5	Staff6	Staff7	Staff8
4	REVENUES									
5	Total General Business	\$220,107								
6	Interdepartmental Sales	145								
7	Sales for Resale	27,610								
8	Total Sales of Electricity	247,862	0	0	0	0	0	0	0	0
9	Other Revenue	5,298								
10	Total Electric Revenue	253,160	0	0	0	0	0	0	0	0
11	EXPENSES									
12	Production and Transmission									
13	Operating Expenses	64,401	(103)	(5)	0	0	0		(27)	0
14	Purchased Power	74,664	0		0	0	0		0	0
15	Depreciation and Amortizatic	16,634	0		0	0	0		0	0
16	Taxes	6,123	0		0	0	0		0	0
17	Total Production & Transn	161,822	(103)	(5)	0	0	0	0	(27)	0
18	Distribution									
19	Operating Expenses	9,627	(53)	0	0	0	0	0	0	0
20	Depreciation	10,048	0	0	0	0	0	0	0	0
21	Taxes	2,986	4	2	0	4	1	4	1	2
22	Total Distribution	22,661	(49)	2	0	4	1	4	1	2
23	Customer Accounting	3,484	(34)	0	0	0	0	0	0	0
24	Customer Service & Informatio	1,546	(3)	0	0	0	0	0	0	0
25	Sales Expenses	274	(3)	0	0	0	0	0	0	0
26	Administrative & General									
27	Operating Expenses	21,557	(102)	(119)	(35)	(295)	(78)	(295)	(42)	(150)
28	Depreciation	4,867	0	0	0	0	0	0	0	0
29	Taxes	135	0	0	0	0	0	0	0	0
30	Total Admin. & General	26,559	(102)	(119)	(35)	(295)	(78)	(295)	(42)	(150)
31	Total Electric Expenses	216,345	(294)	(122)	(35)	(291)	(77)	(291)	(68)	(148)
32	OPERATING INCOME BEFOI	36,815	294	122	35	291	77	291	68	148
33										
34	FEDERAL INCOME TAX									
35	Current Accrual	579	103	43	12	102	27	102	24	52
36	Deferred Income Taxes	5,373	0	0	0	0	0	0	0	0
37	NET OPERATING INCOME	\$30,863	\$191	\$79	\$23	\$189	\$50	\$189	\$44	\$96
40	RATE BASE									
41	PLANT IN SERVICE									
42	Intangible	\$40,744								
43	Production	371,398								
44	Transmission	165,657								
45	Distribution	390,133								
46	General	61,178								
47	Total Plant in Service	1,029,110	0	0	0	0	0	0	0	0
48	ACCUMULATED DEPRECIATION	352,675								
49	ACCUM. PROVISION FOR AM	4,472								
50	Total Accum. Depreciation &	357,147								
51	GAIN ON SALE OF BUILDING	(252)								
52	DEFERRED TAXES	(94,277)								
53	TOTAL RATE BASE	\$577,434	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

AVISTA UTILITIES
 ELECTRIC RESULTS OF OPERATIO
 IDAHO RESTATED RESULTS
 AVU-E-09-1
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Staff IPUC Fees	Staff Ross Court Office Bldg	Staff O&M Expenses	Staff Legal Exp	Staff PF Asset Mgmt	Staff Power Supply	Staff Spokane River Relicensing	Staff Colstrip Mercury Emiss. O&M	Staff Montana Lease
1		D. English	D. English	D. English	D. English	D. English	R. Sterling	J. Leckie	D. English	J. Leckie
2	a	k	l	m	n	o	p	q	r	s
3		Staff9	Staff10	Staff11	Staff12	Staff13	Staff14	Staff15	Staff16	Staff17
4	REVENUES									
5	Total General Business									\$0
6	Interdepartmental Sales									0
7	Sales for Resale						(11,670)			
8	Total Sales of Electricity	0	0	0	0	0	(11,670)	0	0	0
9	Other Revenue									
10	Total Electric Revenue	0	0	0	0	0	(11,670)	0	0	0
11	EXPENSES									
12	Production and Transmission									
13	Operating Expenses			(1,013)		(28)	(8,493)	\$(1,063)	(436)	0
14	Purchased Power			0		0	(17,569)			0
15	Depreciation and Amortizatic			0		0	0	\$(1,037)		0
16	Taxes			0		0				0
17	Total Production & Transn	0		(1,013)	0	(28)	(26,062)	(2,100)	(436)	0
18	Distribution									
19	Operating Expenses		0	0		(59)	0			0
20	Depreciation		0	0		0	0			0
21	Taxes	2	2	12	0	1	176	26	5	0
22	Total Distribution	2		12	0	(58)	176	26	5	0
23	Customer Accounting	0					0			
24	Customer Service & Informatior	0		0	0	0	0			0
25	Sales Expenses	0		0	0	0	0			0
26	Administrative & General	0		0	0	0				
27	Operating Expenses	(139)	(137)	0	(12)	0	0			0
28	Depreciation	0		0	0	0	0			0
29	Taxes	0		0	0	0		0		0
30	Total Admin. & General	(139)	(137)	0	(12)	0	0	0	0	0
31	Total Electric Expenses	(137)	(137)	(1,001)	(12)	(86)	(25,886)	(2,074)	(431)	0
32	OPERATING INCOME BEFO	137	137	1,001	12	86	14,216	2,074	431	0
33										
34	FEDERAL INCOME TAX									
35	Current Accrual	48	47	351	4	30	4,975	\$726	151	0
36	Deferred Income Taxes	0	0	0	0	0	0		0	0
37	NET OPERATING INCOME	\$89	\$90	\$650	\$8	\$56	\$9,241	\$1,348	\$280	\$0
40	RATE BASE									
41	PLANT IN SERVICE									
42	Intangible							\$(13,596)		
43	Production									(2,435)
44	Transmission									
45	Distribution									
46	General									
47	Total Plant in Service	0	0	0	0	0	0	(13,596)	0	(2,435)
48	ACCUMULATED DEPRECIATION									
49	ACCUM. PROVISION FOR AM							\$(145)		
50	Total Accum. Depreciation &							\$(145)		
51	GAIN ON SALE OF BUILDING									
52	DEFERRED TAXES							\$1,267		\$852
53	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0	(\$12,184)	\$0	(\$1,583)

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATIO
IDAHO RESTATED RESULTS
AVU-E-09-1
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Staff	Staff	Staff	Staff Total
		CDA Tribe Settlement J. Leckie	Debt Reconciliation C. Vaughn	Production Property Adj C. Vaughn	
1					
2	a	t	u	v	w
3		Staff18	Staff19	Staff20	
4	REVENUES				
5	Total General Business	\$0			\$220,107
6	Interdepartmental Sales	0			\$145
7	Sales for Resale			476	\$16,416
8	Total Sales of Electricity	0	0	476	\$236,668
9	Other Revenue			33	\$5,331
10	Total Electric Revenue	0	0	509	\$241,999
11	EXPENSES				\$0
12	Production and Transmission				\$0
13	Operating Expenses	0		667	\$53,898
14	Purchased Power	0		716	\$57,811
15	Depreciation and Amortizatic	(40)		121	\$15,678
16	Taxes	0		0	\$6,123
17	Total Production & Transn	(40)		1,504	\$133,511
18	Distribution				\$0
19	Operating Expenses	0		0	\$9,514
20	Depreciation	0		0	\$10,048
21	Taxes	1		(12)	\$3,217
22	Total Distribution	1		(12)	\$22,777
23	Customer Accounting	0		0	\$3,450
24	Customer Service & Informatio	0		0	\$1,543
25	Sales Expenses	0		0	\$271
26	Administrative & General				\$0
27	Operating Expenses	0		0	\$20,152
28	Depreciation	0		0	\$4,867
29	Taxes	0		0	\$135
30	Total Admin. & General	0		0	\$25,154
31	Total Electric Expenses	(39)		1,492	\$186,706
32	OPERATING INCOME BEFO	39	0	(983)	\$55,293
33					\$0
34	FEDERAL INCOME TAX				\$0
35	Current Accrual	13	153	(344)	\$7,199
36	Deferred Income Taxes	0		0	\$5,373
37	NET OPERATING INCOME	\$26	(\$153)	(\$639)	\$42,721
40	RATE BASE				\$0
41	PLANT IN SERVICE				\$0
42	Intangible	(\$1,762)		\$0	\$25,386
43	Production	0		1,953	\$370,916
44	Transmission	0		0	\$165,657
45	Distribution	0		0	\$390,133
46	General				\$61,178
47	Total Plant in Service	(1,762)		1,953	\$1,013,270
48	ACCUMULATED DEPRECIAT	(110)		27	\$352,592
49	ACCUM. PROVISION FOR AM				\$4,327
50	Total Accum. Depreciation &	(110)		27	\$356,919
51	GAIN ON SALE OF BUILDING	0		\$0	-\$252
52	DEFERRED TAXES	\$587		(\$384)	-\$91,955
53	TOTAL RATE BASE	(\$1,065)	\$0	\$1,542	\$564,144

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 29TH DAY OF MAY 2009, SERVED THE FOREGOING **DIRECT TESTIMONY OF CECILY VAUGHN**, IN CASE NOS. AVU-E-09-1 & AVU-G-09-1, BY ELECTRONIC MAIL TO THE FOLLOWING:

DAVID J. MEYER
VICE PRESIDENT AND CHIEF COUNSEL
AVISTA CORPORATION
PO BOX 3727
SPOKANE WA 99220
E-MAIL: david.meyer@avistacorp.com

KELLY NORWOOD
VICE PRESIDENT – STATE & FED. REG.
AVISTA UTILITIES
PO BOX 3727
SPOKANE WA 99220
E-MAIL: kelly.norwood@avistacorp.com

DEAN J MILLER
McDEVITT & MILLER LLP
PO BOX 2564
BOISE ID 83701
E-MAIL: joe@mcdevitt-miller.com

SCOTT ATKINSON
PRESIDENT
IDAHO FOREST GROUP LLC
171 HIGHWAY 95 N
GRANGEVILLE ID 83530
E-MAIL: scotta@idahoforestgroup.com

CONLEY E WARD
MICHAEL C CREAMER
GIVENS PURSLEY LLP
PO BOX 2720
BOISE ID 83701-2720
E-MAIL: cew@givenspursley.com
mcc@givenspursley.com


DENNIS E PESEAU, Ph.D.
UTILITY RESOURCES INC
SUITE 250
1500 LIBERTY STREET SE
SALEM OR 97302
E-MAIL: dpeseau@excite.com

BETSY BRIDGE
ID CONSERVATION LEAGUE
710 N SIXTH STREET
PO BOX 844
BOISE ID 83701
E-MAIL: bbridge@wildidaho.org

ROWENA PINEDA
ID COMMUNITY ACTION NETWORK
3450 HILL RD
BOISE ID 83702-4715
E-MAIL: Rowena@idahocan.org

CARRIE TRACY
1265 S MAIN ST, #305
SEATTLE WA 98144
E-MAIL: carrie@nwfco.org

BRAD M PURDY
ATTORNEY AT LAW
2019 N 17TH ST
BOISE ID 83702
E-MAIL: bmpurdy@hotmail.com


SECRETARY