

AVISTA CORPORATION
ELECTRIC DOCKET NO. UE-170485
CALCULATION OF GENERAL REVENUE REQUIREMENT
TEST YEAR ENDED DECEMBER 31, 2016
(000s of Dollars)

Dockets UE-170485 & UG-170486
Exhibit No. MEG-11
Page 1 of 7
Schedule No. 1

Line No.	Description	Amount Per Company	Amount Per PC
1	Adjusted Rate Base	1,472,291	1,472,291
2	Rate of Return	<u>7.69%</u>	<u>7.26%</u>
3	Net Operating Income Requirement	113,219	106,888
4	Adjusted Net Operating Income	<u>89,991</u>	<u>102,252</u>
5	Net Operating Income Deficiency/(Sufficiency)	23,229	4,637
6	Revenue Conversion Factor	<u>0.61941</u>	<u>0.61941</u>
7	Revenue Requirement	<u><u>37,501</u></u>	<u><u>7,486</u></u>

Avista Adj. #	WP Ref	Description of Adjustment	Avista Adjustments			PC Adjustment	Public Counsel Adjustments and/or PC Neutral in Direct			Public Counsel Position on Avista's Revised Position	Rev. Req. Impact of Differences
			NOI	Rate Base	Rev Req		NOI	Rate Base	Rev Req		
1.00	E-ROO	Results of Operations	110,557	1,444,926	901		110,557	1,444,926	(9,130)	PC Neutral in Direct	(10,031)
1.01	E-DFIT	Deferred FIT Rate Base	8	806	87		8	806	81	PC Neutral in Direct	(6)
1.02	E-DDC	Deferred Debits and Credits	(8)	-	13		(8)	-	13	PC Neutral in Direct	0
1.03	E-WC	Working Capital	(30)	(3,006)	(324)		(30)	(3,006)	(303)	PC Neutral in Direct	21
2.01	E-EBO	Eliminate B & O Taxes	(96)	-	154		(96)	-	154	PC Neutral in Direct	0
2.02	E-RPT	Restate Property Tax	163	-	(262)		163	-	(262)	PC Neutral in Direct	0
2.03	E-UE	Uncollect. Expense	(859)	-	1,386		(859)	-	1,386	PC Neutral in Direct	0
2.04	E-RE	Regulatory Expense	(5)	-	7		(5)	-	7	PC Neutral in Direct	0
2.05	E-ID	Injuries and Damages	(98)	-	158		(98)	-	158	PC Neutral in Direct	0
2.06	E-FIT	FIT/DFIT/ ITC Expense	(69)	-	111		(69)	-	111	PC Neutral in Direct	0
2.07	E-OSC	Office Space Charges to Non-Utility	20	-	(33)		20	-	(33)	PC Neutral in Direct	0
2.08	E-RET	Restate Excise Taxes	40	-	(65)		40	-	(65)	PC Neutral in Direct	0
2.09	E-NGL	Net Gains / Losses	61	-	(99)		61	-	(99)	PC Neutral in Direct	0
2.10	E-WN	Weather Normalization	825	-	(1,332)		825	-	(1,332)	PC Neutral in Direct	0
2.11	E-EAS	Eliminate Adder Schedules	-	-	0		-	-	0	PC Neutral in Direct	0
2.12	E-MR	Misc. Restating Non-Util / Non-Rec Exp.	(969)	-	1,565		(969)	-	1,565	PC Neutral in Direct	0
2.13	E-EWPC	Eliminate WA Power Cost Defer	4,386	-	(7,081)		4,386	-	(7,081)	PC Neutral in Direct	0
2.14	E-NPS	Nez Perce Settlement Adjustment	3	-	(4)		3	-	(4)	PC Neutral in Direct	0
2.15	E-RI	Restating Incentives	407	-	(657)		407	-	(657)	PC Neutral in Direct	0
2.16	E-PMM	Normalize CS2/Colstrip Major Maint	\$763	-	(1,232)		\$763	-	(1,232)	PC Neutral in Direct	0
2.17	E-RDI	Restate Debt Interest	860	-	(1,388)		860	-	(1,388)	PC Neutral in Direct	0
2.18	E-APS	Authorized Power Supply	(7,696)	-	12,425		(7,696)	-	12,425	PC Neutral in Direct	0
2.19	OPEN	OPEN	-	-	-		-	-	-	PC Neutral in Direct	0
		Restated Total	108,263	1,442,726			108,263	1,442,726	0		
Pro Forma Adjustments											
3.01	E-PTR	Pro Forma Trans/Power Sup Non-ERM Rev	(66)	-	106		(66)	-	106	PC Neutral in Direct	0
3.02	E-PLN	Pro Forma Labor Non-Exec	(1,862)	-	3,005 (1)	931	(931)	-	1,503	PC Opposes	(1,503)
3.03	E-PLN	Pro Forma Labor Exec	21	-	(35)		21	-	(35)	PC Neutral in Direct	0
3.04	E-PEB	Pro Forma Employee Benefits	234	-	(378)		234	-	(378)	PC Neutral in Direct	0
3.05	E-PI	Pro Forma Incentive Expenses	(77)	-	125		(77)	-	125	PC Neutral in Direct	0
3.06	E-PPT	Pro Forma Property Tax	(1,598)	-	2,579 (2)	799	(799)	-	1,290	PC Opposes	(1,290)
3.07	E-CI	Pro Forma IS/IT Expense	(451)	-	728		(451)	-	728	PC Neutral in Direct	0
3.08	E-PREV	Pro Forma Revenue Normalization	(3,286)	-	5,305		(3,286)	-	5,305	PC Neutral in Direct	0
3.09	E-PRA	Pro Forma Def. Debits, Credits & Regulator	1,013	(5,346)	(2,298)		1,013	(5,346)	(2,261)	PC Neutral in Direct	37
3.10	E-PCAP16	Pro Forma 2017 Threshold Capital Adds	(1,741)	34,911	7,144		(1,741)	34,911	6,902	PC Neutral in Direct	(242)
3.11	E-POFF	Pro Forma O&M Offsets	642	-	(1,036)		642	-	(1,036)	PC Neutral in Direct	0
3.12	E-PDF	Pro Forma Director Fees Exp	(244)	-	394 (3)	244	-	-	0	PC Opposes	(394)
3.13	E-PNM	PF Normalize CS2/Colstrip Major Maint	(226)	-	364		(226)	-	364	PC Neutral in Direct	0
3.14	E-PUEI	Pro Forma Underground Equip Inspection	(346)	-	558		(346)	-	558	PC Neutral in Direct	0
		Pro Forma Study (Step 1 increase exclud	100,278	1,472,291			102,252	1,472,291		PC Neutral in Direct	0
4.00	E-PPS	Pro Forma Power Supply & Transm Revs	(10,288)	-	16,609 (4)	10,288	-	-	0	PC Opposes	(16,609)
		Total Pro Forma Study: Step 1 increases & t	89,991	1,472,291	37,501		102,252	1,472,291	7,486		(30,015)

Public Counsel Adjustments

- (1) Reverse 50% of Company's proposed adjustment to Payroll Expense.
- (2) Reverse 50% of Company's proposed adjustment to Property Tax Expense.
- (3) Reverse 100% of Company's proposed adjustment for Director's Fees.
- (4) Reverse 100% of Company's proposed adjustment for Power Costs.

AVISTA CORPORATION
 ELECTRIC DOCKET NO. UE-170485
 NON-EXECUTIVE LABOR ADJUSTMENT
 TEST YEAR ENDED DECEMBER 31, 2016

Dockets UE-170485 & UG-170486
 Exhibit No. MEG-11
 Page 3 of 7
 Schedule No. 3
 PC-E.3.02

Line No.	Description	WA-Electric	WA-Gas
1	Total Non-Exec. Labor Adjustment	(2,864)	-
2	Federal Income Tax Rate	<u>35%</u>	<u>35%</u>
3	Reduction in Federal Income Tax Expense	<u>1,002</u>	<u>-</u>
4	Avista Adjustment to Net Operating Income	<u>(1,862)</u>	<u>-</u>
5	Remove Half of Company Adjustment	<u>(931)</u>	<u>-</u>
6	PC Adjustment	<u>(931)</u>	<u>-</u>

Source/Notes:

Exh EMA-2 Pro Forma Study Electric Model; Adj Detail Input Tab

AVISTA CORPORATION
 ELECTRIC DOCKET NO. UE-170485
 PRO FORMA PROPERTY TAX EXPENSE
 TEST YEAR ENDED DECEMBER 31, 2016
 (000s of Dollars)

Dockets UE-170485 & UG-170486
 Exhibit No. MEG-11
 Page 4 of 7
 Schedule No. 4

Line No.	Description	Per PC Adjustment	Per Avista Adjustment
1	Pro Forma Property Tax Expense Adjustment	(2,458)	
2	Federal Income Tax Rate	35%	
3	Reduction in Federal Income Tax Expense	860	
4	Adjustment to Net Operating Income	(1,598)	
5	Remove Half of Company Adjustment	(799)	
6	PC Adjustment	(799)	

Source/Notes:

Exh EMA-2 Pro Forma Study Electric Model; Adj Detail Input Tab

AVISTA CORPORATION
 ELECTRIC DOCKET NO. UE-170485
 DIRECTOR'S FEES
 TEST YEAR ENDED DECEMBER 31, 2016
 (000s of Dollars)

Dockets UE-170485 & UG-170486
 Exhibit No. MEG-11
 Page 5 of 7
 Schedule No. 5
 PC-E.3.06

Line No.	Description	Per PC Adjustment	Per Avista Adjustment
1	Directors Fee per Avista	(375)	
2	Federal Income Tax Rate	35%	35%
3	Reduction in Federal Income Tax Expense	131	-
4	Adjustment to Net Operating Income	(244)	-
5	Remove 100% of Company Adjustment	(244)	
6	PC Adjustment	(244)	

Source/Notes:

Exh EMA-2 Pro Forma Study Electric Model; Adj Detail Input Tab

Line No.	Description	Per PC Adjustment	Per Avista Adjustment
1	Power Cost Adjustment	(15,827)	
2	Federal Income Tax Rate	35%	35%
3	Reduction in Federal Income Tax Expense	5,539	-
4	Adjustment to Net Operating Income	(10,288)	-
5	Remove 100% of Company Adjustment	(10,288)	
6	PC Adjustment	(10,288)	

Source/Notes:

Exh EMA-2 Pro Forma Study Electric Model; Adj Detail Input Tab

**AVISTA UTILITIES
TRADITIONAL PRO FORMA COST OF CAPITAL
WASHINGTON ELECTRIC**

Capital Component	Capital Structure	Cost	Weighted Cost
Total Debt	51.5%	5.62%	2.89%
Common	48.5%	9.00%	4.37%
Total	100.00%		7.26%

**PUBLIC COUNSEL
TRADITIONAL PRO FORMA COST OF CAPITAL
WASHINGTON ELECTRIC**

Capital Component	Capital Structure	Cost	Weighted Cost
Total Debt	51.5%	5.62%	2.89%
Common	48.5%	9.00%	4.37%
Total	100.00%		7.26%