

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-12  
 Page 1 of 6  
 Schedule No. 1

Line No.	Description	Amount Per Company	Amount Per PC
1	Adjusted Rate Base	305,913	305,913
2	Rate of Return	<u>7.69%</u>	<u>7.26%</u>
3	Net Operating Income Requirement	23,525	22,209
4	Adjusted Net Operating Income	<u>20,712</u>	<u>21,221</u>
5	Net Operating Income Deficiency/(Sufficiency)	2,812	988
6	Revenue Conversion Factor	<u>0.62065</u>	<u>0.62065</u>
7	Revenue Requirement	<u><u>4,531</u></u>	<u><u>1,592</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	G-ROO	Per Results Report	23,458	287,787	(2,138)		23,458	287,787	(4,132)	PC Neutral in Direct	(1,994)
1.01	G-DFIT	Deferred FIT Rate Base	(3)	(325)	(35)		(3)	(325)	(33)	PC Neutral in Direct	2
1.02	G-DDC	Deferred Debits and Credits	(1)	0	2		(1)	-	2	PC Neutral in Direct	0
1.03	G-WC	Working Capital	(9)	(864)	(93)		(9)	(864)	(87)	PC Neutral in Direct	6
2.01	G-EBO	Eliminate B & O Taxes	(21)	0	34		(21)	-	34	PC Neutral in Direct	0
2.02	G-RPT	Restate Property Tax	(244)	0	393		(244)	-	393	PC Neutral in Direct	0
2.03	G-UE	Uncollectible Expense	384	0	(618)		384	-	(618)	PC Neutral in Direct	0
2.04	G-RE	Regulatory Expense	2	0	(3)		2	-	(3)	PC Neutral in Direct	0
2.05	G-ID	Injuries & Damages	(49)	0	80		(49)	-	80	PC Neutral in Direct	0
2.06	G-FIT	FIT / DFIT Expense	0	0	0		-	-	0	PC Neutral in Direct	0
2.07	G-OSC	Office Space Charges to Subs	6	0	(9)		6	-	(9)	PC Neutral in Direct	0
2.08	G-RET	Restate Excise Taxes	(1)	0	2		(1)	-	2	PC Neutral in Direct	0
2.09	G-NGL	Net Gains & Losses	8	0	(14)		8	-	(14)	PC Neutral in Direct	0
2.1	G-WNGC	Weather Normalization / Gas Cost Adjust	(3)	0	4		(3)	-	4	PC Neutral in Direct	0
2.11	G-EAS	Eliminate Adder Schedules	(310)	0	500		(310)	-	500	PC Neutral in Direct	0
2.12	G-MR	Misc. Restating Non-Util / Non- Recurring E	205	0	(330)		205	-	(330)	PC Neutral in Direct	0
2.13	G-CD	Project Compass Deferral	(701)	0	1,130		(701)	-	1,130	PC Neutral in Direct	0
2.14	G-RI	Restating Incentives	118	0	(190)		118	-	(190)	PC Neutral in Direct	0
2.15	G-DI	Restate Debt Interest	171	0	(276)		171	-	(276)	PC Neutral in Direct	0
<b>Pro Forma Adjustments</b>											
3.01	G-PAT	Pro Forma Atmospheric Testing & Leak Sur	(226)	0	364		(226)	-	364	PC Neutral in Direct	0
3.02	G-PLN	Pro Forma Labor Non-Exec	(568)	0	915 (1)	284	(284.05)	-	458	PC Opposes	(458)
3.03	G-PLN	Pro Forma Labor Exec	7	0	(10)		7	-	(10)	PC Neutral in Direct	0
3.04	G-PEB	Pro Forma Employee Benefits	114	0	(184)		114	-	(184)	PC Neutral in Direct	0
3.05	G-PI	Pro Forma Incentive Adjustment	(22)	0	36		(22)	-	36	PC Neutral in Direct	0
3.06	G-PPT	Pro Forma Property Tax	(309)	0	499 (2)	155	(154.70)	-	249	PC Opposes	(249)
3.07	G-PIS	Pro Forma IS/IT Expense	(131)	0	211		(131)	-	211	PC Neutral in Direct	0
3.08	G-PREV	Pro Forma Revenue Normalization	(599)	0	966		(599)	-	966	PC Neutral in Direct	0
3.09	G-PRA	Pro Forma Regulatory Amortization	701	0	(1,130)		701	-	(1,130)	PC Neutral in Direct	0
3.1	G-PCAP16	Pro Forma 2017 Threshold Capital Adds	(848)	17,841	3,578		(848)	17,841	3,454	PC Neutral in Direct	(124)
3.11	G-POFF	Pro Forma O&M Offsets	21	0	(34)		21	-	(34)	PC Neutral in Direct	0
3.12	G-PDF	Pro Forma Director Fees Expense	(70)	0	113 (3)	70	-	-	0	PC Opposes	(113)
3.13	G-PLEAP	Pro Forma Leap Deferral Gas Line Ext.	(365)	1,474	770		(365)	1,474	760	PC Neutral in Direct	(10)
Pro Forma Total			20,712	305,913	4,531		21,221	305,913	1,592		(2,939)

**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.

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-12  
 Page 3 of 6  
 Schedule No. 3  
 PC-E.3.02

Line No.	Description	Per PC Adjustment	Per Avista Adjustment
1	Total Non-Exec. Labor Adjustment	(874)	(874)
2	Federal Income Tax Rate	<u>35%</u>	<u>35%</u>
3	Reduction in Federal Income Tax Expense	<u>306</u>	<u>306</u>
4	Avista Adjustment to Net Operating Income	<u>(568)</u>	<u>(568)</u>
5	Remove Half of Company Adjustment	<u>284</u>	
6	PC Adjustment	<u>(284)</u>	

Source/Notes:

Exh EMA-6 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-12  
 Page 4 of 6  
 Schedule No. 4

Line No.	Description	Per PC Adjustment	Per Avista Adjustment
1	Pro Forma Property Tax Expense Adjustment	(476)	(476)
2	Federal Income Tax Rate	<u>35%</u>	<u>35%</u>
3	Reduction in Federal Income Tax Expense	<u>167</u>	<u>167</u>
4	Adjustment to Net Operating Income	<u>(309)</u>	<u>(309)</u>
5	Remove Half of Company Adjustment	<u>155</u>	<u>          </u>
6	PC Adjustment	<u>(155)</u>	<u>          </u>

Source/Notes:

Exh EMA-6 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-12  
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 Schedule No. 5  
 PC-E.3.06

Line No.	Description	Per PC Adjustment	Per Avista Adjustment
1	Directors Fee per Avista	(108)	(108)
2	Federal Income Tax Rate	35%	35%
3	Reduction in Federal Income Tax Expense	(38)	(38)
4	Adjustment to Net Operating Income	(70)	(70)
5	Remove 100% of Company Adjustment	-	
6	PC Adjustment	70	

Source/Notes:

Exh EMA-6 Pro Forma Study Electric Model; Adj Detail Input Tab

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

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<b>Capital Component</b>	<b>Capital Structure</b>	<b>Cost</b>	<b>Weighted Cost</b>
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**

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