

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-15_____

EXHIBIT NO. ____ (EMA-2)

ELIZABETH M. ANDREWS

REPRESENTING AVISTA CORPORATION

AVISTA UTILITIES
2016 ELECTRIC ATTRITION STUDY
Calculation of General Revenue Requirement
Washington - Electric System
Twelve Months Ended September 30, 2014
(000's of Dollars)

Line		(a)	(b)	(c)
No.	Description	Attrition	Revenue	Attrition Adjusted
		Balances	Growth Factor	Balances & 2016 Revenue Requirement
1	Attrition Rate Base	\$1,483,501	1.013115	\$1,464,296
2	Proposed Rate of Return			<u>7.46%</u>
3	Net Operating Income Requirement			\$109,237
4	Attrition Net Operating Income	<u>\$89,797</u>	1.013115	<u>\$88,634</u>
5	Net Operating Income Deficiency			\$20,603
6	Conversion Factor			0.62000
7	Attrition Revenue Requirement			\$33,229
8	Total General Business Revenues			\$499,982
9	Percentage Revenue Increase			<u><u>6.646%</u></u>

AVISTA UTILITIES
Proposed Cost of Capital
Washington - Electric System
Twelve Months Ended September 30, 2014

Proposed Cap Structure			
<u>Component</u>	<u>Capital Structure</u>	<u>Cost</u>	<u>Weighted Cost</u>
Total Debt	52.00%	5.20%	2.71%
Common	48.00%	9.90%	4.75%
Total	<u>100.00%</u>		<u>7.46%</u>

AVISTA UTILITIES
Revenue Conversion Factor
Washington - Electric System
Twelve Months Ended September 30, 2014

Line No.	Description	Factor
1	Revenues	<i>1.000000</i>
	Expense:	
2	Uncollectibles	0.005631
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038516
5	Total Expense	<u><i>0.046147</i></u>
6	Net Operating Income Before FIT	<i>0.953853</i>
7	Federal Income Tax @ 35%	<u><i>0.333849</i></u>
8	REVENUE CONVERSION FACTOR	<u><u><i>0.620000</i></u></u>

AVISTA'S 2016 ELECTRIC ATTRITION REVENUE REQUIREMENT

CBR Line Number	DESCRIPTION	Determine Base Cost and Revenue to Escalate				Escalate Non-Energy Cost			Other Cost & Revenue Adjustments		2016 Revenue and Cost [H]+[I]+[J]=[K]	
		09.2014 Commission Basis Report Restated Totals	(less) 09.2014 Normalized Net Power Supply	EOP 12.14 Plant & Regulatory Amorts Adj's*	Pro Forma Revenue Normalization Adjustment	December 2014 EOP Escalation Base	Escalation Factor	Non-Energy Cost Escalation Amount [E]*[F]=[G]	Trended 2016 Non-Energy Cost [E]+[G]=[H]	(plus) 09.2014 Pro- Formed Net Energy Cost		(plus) Revenue Growth
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]		[J]
REVENUES												
1	Total General Business	\$ 482,698		\$ -	\$ 16,361	\$ 499,059	1.31%	\$ 499,059		\$ 6,545	\$ 505,604	
2	Interdepartmental Sales	\$ 923		\$ -	\$ -	\$ 923	1.31%	\$ 923		\$ 12	\$ 935	
3	Sales for Resale	\$ 34,309	\$ (34,309)	\$ -	\$ -	\$ -			\$ 46,022	\$ (2,615)	\$ 43,407	
4	Subtotal: Sales of Electricity	\$ 517,930	\$ (34,309)	\$ -	\$ 16,361	\$ 499,982		\$ 499,982	\$ 46,022	\$ 3,942	\$ 549,946	
5	Other Revenue	\$ 16,622	\$ (12,940)	\$ -	\$ -	\$ 3,682	4.59%	\$ 3,682	\$ 10,606	\$ 169	\$ 14,457	
6	Total Electric Revenue	\$ 534,552	\$ (47,249)	\$ -	\$ 16,361	\$ 503,664		\$ 503,664	\$ 56,628	\$ 4,112	\$ 564,404	
EXPENSES												
Production and Transmission												
7	Operating Expenses	\$ 124,768	\$ (84,462)	\$ -	\$ -	\$ 40,306	6.88%	\$ 2,772	\$ 43,078	\$ 107,375	\$ -	\$ 150,453
8	Purchased Power	\$ 96,339	\$ (96,339)	\$ -	\$ -	\$ -		\$ -	\$ -	\$ 78,527	\$ 1,921	\$ 80,448
9	Depreciation/Amortization	\$ 23,739		\$ 791	\$ -	\$ 24,530	18.57%	\$ 4,556	\$ 29,086			\$ 29,086
10	Regulatory Amortization	\$ 8,356		\$ (1,510)	\$ -	\$ 6,846	0.00%	\$ -	\$ 6,846	\$ -		\$ 6,846
11	Taxes	\$ 13,789		\$ -	\$ -	\$ 13,789	15.90%	\$ 2,193	\$ 15,982			\$ 15,982
12	Subtotal: Production and Transmission	\$ 266,991	\$ (180,801)	\$ (719)	\$ -	\$ 85,471		\$ 9,521	\$ 94,992	\$ 185,902	\$ 1,921	\$ 282,815
Distribution												
13	Operating Expenses	\$ 20,332		\$ -	\$ -	\$ 20,332	6.88%	\$ 1,398	\$ 21,730			\$ 21,730
14	Depreciation/Amortization	\$ 23,399		\$ 1,214	\$ -	\$ 24,613	18.57%	\$ 4,572	\$ 29,185			\$ 29,185
Regulatory Amortizations												
15	Taxes	\$ 25,475		\$ -	\$ 630	\$ 26,105	15.90%	\$ 4,152	\$ 30,257		\$ 252	\$ 30,509
16	Subtotal: Distribution	\$ 69,206		\$ 1,214	\$ 630	\$ 71,050		\$ 10,122	\$ 81,172	\$ -	\$ 252	\$ 81,424
17	Customer Accounting	\$ 11,624		\$ -	\$ 92	\$ 11,716	6.88%	\$ 806	\$ 12,522		\$ 37	\$ 12,559
18	Customer Service & Information	\$ 1,434		\$ -	\$ -	\$ 1,434	6.88%	\$ 99	\$ 1,533			\$ 1,533
19	Sales Expenses	\$ -		\$ -	\$ -	\$ -	6.88%	\$ -	\$ -			\$ -
Administrative & General												
20	Operating Expenses	\$ 43,677		\$ -	\$ 33	\$ 43,710	6.88%	\$ 3,006	\$ 46,716		\$ 13	\$ 46,729
21	Depreciation/Amortization	\$ 16,215		\$ 2,888	\$ -	\$ 19,103	18.57%	\$ 3,548	\$ 22,651			\$ 22,651
22	Taxes	\$ -		\$ -	\$ -	\$ -	15.90%	\$ -	\$ -			\$ -
23	Subtotal: Administrative and General	\$ 59,892	\$ -	\$ 2,888	\$ 33	\$ 62,813		\$ 6,554	\$ 69,367	\$ -	\$ 13	\$ 69,380
24	Total Electric Expenses	\$ 409,147	\$ (180,801)	\$ 3,383	\$ 755	\$ 232,484		\$ 27,102	\$ 259,586	\$ 185,902	\$ 2,223	\$ 447,711
25	OPERATING INCOME BEFORE FIT	\$ 125,405	\$ 133,552	\$ (3,383)	\$ 15,606	\$ 271,180		\$ (27,102)	\$ 244,078	\$ (129,274)	\$ 1,889	\$ 116,693

AVISTA'S 2016 ELECTRIC ATTRITION REVENUE REQUIREMENT

CBR Line Number	\$000s	Determine Base Cost and Revenue to Escalate				Escalate Non-Energy Cost		Other Cost & Revenue Adjustments		2016 Revenue and Cost [H]+[I]+[J]=[K]	
		09.2014 Commission Basis Report Restated Totals [A]	(less) 09.2014 Normalized Net Power Supply [B]	EOP 12.14 Plant & Regulatory Amorts Adj*s* [C]	Pro Forma Revenue Normalization Adjustment [D]	December 2014 EOP Escalation Base [E]	Escalation Factor [F]	Non-Energy Cost Escalation Amount [E]*[F]=[G]	Trended 2016 Non-Energy Cost [E]+[G]=[H]		(plus) 09.2014 Pro- Formed Net Energy Cost [I]
	Federal Income Tax										
26	Current Accrual	\$ 23,161	\$ 46,743	\$ (1,184)	\$ 5,462	\$ 74,182	\$ (9,486)	\$ 64,696	\$ (45,246)	\$ 661	\$ 20,111
27	Debt Interest	\$ (148)	\$ -	\$ (606)	\$ -	\$ (754)	\$ (624)	\$ (1,378)			\$ (1,378)
28	Deferred Income Taxes	\$ 8,293	\$ -	\$ -	\$ -	\$ 8,293	\$ -	\$ 8,293			\$ 8,293
29	Amortized ITC - Noxon	\$ (130)	\$ -	\$ -	\$ -	\$ (130)	\$ -	\$ (130)			\$ (130)
30											
31	NET OPERATING INCOME	\$ 94,229	\$ 86,809	\$ (1,593)	\$ 10,144	\$ 189,589	\$ (16,992)	\$ 172,597	\$ (84,028)	\$ 1,228	\$ 89,797
	RATE BASE										
	Plant in Service										
32	Intangible	\$ 100,295	\$ -	\$ 9,188	\$ -	\$ 109,483	11.71%	\$ 12,818	\$ 122,301		\$ 122,301
33	Production	\$ 747,839	\$ -	\$ 21,114	\$ -	\$ 768,953	11.71%	\$ 90,026	\$ 858,979		\$ 858,979
34	Transmission	\$ 370,703	\$ -	\$ 22,089	\$ -	\$ 392,792	11.71%	\$ 45,987	\$ 438,779		\$ 438,779
35	Distribution	\$ 830,629	\$ -	\$ 45,900	\$ -	\$ 876,529	11.71%	\$ 102,621	\$ 979,150		\$ 979,150
36	General	\$ 192,845	\$ -	\$ 9,189	\$ -	\$ 202,034	11.71%	\$ 23,653	\$ 225,687		\$ 225,687
37	Subtotal: Plant in Service	\$ 2,242,311	\$ -	\$ 107,480	\$ -	\$ 2,349,791		\$ 275,105	\$ 2,624,896		\$ 2,624,896
	Accumulated Depreciation and Amortization										\$ -
38	Intangible	\$ (19,415)	\$ -	\$ (3,411)	\$ -	\$ (22,826)	11.71%	\$ (2,672)	\$ (25,498)		\$ (25,498)
39	Production	\$ (324,667)	\$ -	\$ (11,229)	\$ -	\$ (335,896)	11.71%	\$ (39,326)	\$ (375,222)		\$ (375,222)
40	Transmission	\$ (124,279)	\$ -	\$ (1,260)	\$ -	\$ (125,539)	11.71%	\$ (14,698)	\$ (140,237)		\$ (140,237)
41	Distribution	\$ (248,229)	\$ -	\$ (14,259)	\$ -	\$ (262,488)	11.71%	\$ (30,731)	\$ (293,219)		\$ (293,219)
42	General	\$ (63,732)	\$ -	\$ (3,968)	\$ -	\$ (67,700)	11.71%	\$ (7,926)	\$ (75,626)		\$ (75,626)
43	Subtotal: Accumulated Depreciation and Amortization	\$ (780,322)	\$ -	\$ (34,127)	\$ -	\$ (814,449)		\$ (95,353)	\$ (909,802)		\$ (909,802)
44	Net Plant	\$ 1,461,989	\$ -	\$ 73,353	\$ -	\$ 1,535,342	\$ -	\$ 179,753	\$ 1,715,095		\$ 1,715,095
45	Deferred Taxes	(244,385)	\$ -	\$ (26,018)	\$ -	\$ (270,403)	11.71%	\$ (31,658)	\$ (302,061)		\$ (302,061)
46	Net Plant After Deferred taxes	\$ 1,217,604	\$ -	\$ 47,335	\$ -	\$ 1,264,939	\$ 0	\$ 148,095	\$ 1,413,034		\$ 1,413,034
47	Deferred Debits and Credits	11,855	\$ -	\$ 12,870	\$ -	\$ 24,725	0.00%	\$ -	\$ 24,725		\$ 24,725
48	Working Capital	45,742	\$ -	\$ -	\$ -	\$ 45,742	0.00%	\$ -	\$ 45,742		\$ 45,742
49	TOTAL RATE BASE	\$ 1,275,201	\$ -	\$ 60,205	\$ -	\$ 1,335,406		\$ 148,095	\$ 1,483,501		\$ 1,483,501
50	RATE OF RETURN										6.05%
	ATTRITION ADJUSTED REVENUE REQUIREMENT										
50	Proposed Rate of Return	7.46%									7.46%
51	Return on Plant in Service at Proposed Rate	\$ 95,130									\$ 110,669
52	Operating Income Deficiency	\$ 901									\$ 20,872
53	Revenue Conversion Factor	0.62000									0.62000
54	Revenue Requirement	\$ 1,453									\$ 33,665
55	Revenue Growth Factor										1.013115
56	Attrition Adjusted Revenue Requirement										\$ 33,229

*Note: Combined Regulatory Deferred Debits and Credits and Regulatory Amortization adjustments in Column [C] as these amounts adjust 09.2014 Commission Basis to the 2016 rate year. These amounts are not escalated as shown in column [F]. Also adjusted Net Plant and depreciation to EOP 12.31.2014 in Column [C] to reflect appropriate level necessary prior to 1.5-year escalation. See Andrews Workpapers for details.

ELECTRIC COST AND REVENUE TREND CALCULATIONS 2001-2013**AVISTA UTILITIES****Commission Basis Results of Operations**

Twelve Months Ended December 31, 2013

(000'S OF DOLLARS)

Line	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
No. REVENUES													
1 Total General Business	\$258,201	\$273,318	\$283,356	\$285,399	\$289,216	\$321,929	\$326,335	\$365,425	\$402,618	\$415,740	\$451,837	\$459,266	\$468,006
2 Interdepartmental Sales	528	791	752	752	713	733	739	820	872	790	820	816	884
3 Sales for Resale	91,388	29,918	35,252	40,460	44,718	35,380	34,954	46,848	31,491	133,479	52,604	54,549	75,349
4 Total Sales of Electricity	350,117	304,027	319,360	326,611	334,647	358,042	362,028	413,093	434,981	550,009	505,261	514,631	544,239
5 Other Revenue	14,305	34,274	57,244	8,587	10,259	10,178	10,170	10,927	9,395	11,786	13,666	13,089	13,408
6 Total Electric Revenue	364,422	338,301	376,604	335,198	344,906	368,220	372,198	424,020	444,376	561,795	518,927	527,720	557,647
EXPENSES													
Production and Transmission													
7 Operating Expenses	47,157	101,475	132,098	101,545	105,374	104,260	102,890	117,123	87,599	147,107	145,634	131,795	143,904
8 Purchased Power	132,159	50,769	46,591	51,042	55,046	79,146	65,640	72,508	104,869	142,197	91,142	101,283	109,034
9 Depreciation/Amortization	15,202	20,157	20,523	22,312	22,629	24,577	24,877	23,076	23,969	25,008	25,158	25,680	23,287
10 Regulatory Amortization	(6,050)	(6,349)	(5,608)	567	(8,817)	1,168	(3,082)	(1,076)	(1,703)	(2,879)	403	(7,744)	8,626
11 Taxes	5,139	7,164	6,722	7,283	9,900	9,115	8,319	8,146	9,014	9,955	10,846	11,456	12,913
12 Total Production & Transmission	193,607	173,216	200,326	182,749	184,132	218,266	198,644	219,777	223,748	321,388	273,183	262,470	297,764
Distribution													
13 Operating Expenses	10,560	9,631	10,171	12,016	14,263	15,485	14,563	17,329	17,267	18,354	19,081	21,152	20,878
14 Depreciation/Amortization	9,178	9,427	9,752	10,067	10,399	10,776	11,333	15,611	16,809	17,985	19,240	20,749	22,303
15 Taxes	15,462	16,996	17,286	17,401	14,988	16,307	16,156	17,416	18,207	19,990	22,393	22,595	23,288
16 Total Distribution	35,200	36,054	37,209	39,484	39,650	42,568	42,052	50,356	52,283	56,329	60,714	64,496	66,469
17 Customer Accounting	6,196	7,113	7,129	7,352	7,156	7,097	7,514	7,919	9,646	9,261	10,275	10,336	11,334
18 Customer Service & Information	5,381	6,261	6,620	266	7,127	1,159	7,472	12,847	19,736	20,832	21,292	18,487	1,516
19 Sales Expenses	734	628	734	686	430	657	682	571	660	176	4	5	5
Administrative & General													
20 Operating Expenses	25,102	30,304	30,153	31,927	33,143	33,148	35,844	35,982	38,461	44,662	44,779	49,333	43,310
21 Depreciation/Amortization	4,414	6,606	6,659	6,072	6,537	6,459	6,739	7,187	7,688	9,277	10,906	12,517	14,721
22 Taxes	2	1	2	3	(4)	0	(9)	(3)	(3)	2	0	(4)	0
23 Total Admin. & General	29,518	36,911	36,814	38,002	39,676	39,607	42,574	43,166	46,146	53,941	55,685	61,846	58,031
24 Total Electric Expenses	270,636	260,183	288,832	268,539	278,171	309,354	298,938	334,636	352,219	461,927	421,153	417,640	435,119
25 OPERATING INCOME BEFORE FIT	93,786	78,118	87,772	66,659	66,735	58,866	73,260	89,384	92,157	99,868	97,774	110,080	122,528
FEDERAL INCOME TAX													
26 Current Accrual	7,803	12,532	18,199	10,603	6,760	3,584	5,070	(6,217)	(1,846)	9,263	6,569	11,499	19,267
27 Debt Interest	0	0	0	0	0	0	0	0	0	0	207	70	1
28 Deferred Income Taxes	16,107	3,470	1,284	608	3,867	3,975	6,497	26,634	23,983	13,823	16,402	15,684	10,613
29 Amortized ITC - Noxon	0	0	0	0	0	0	0	0	(58)	(83)	(99)	(128)	(130)
30 Levelized Settlement Exchange Power	5,369	0	0	0	0	0	0	0	0	0	0	0	0
31 NET OPERATING INCOME	\$64,507	\$62,116	\$68,289	\$55,448	\$56,108	\$51,307	\$61,693	\$68,967	\$70,078	\$76,865	\$74,695	\$82,954	\$92,777

Note: The Regulatory Amortization Category has been restated in prior years to reflect consistency with the current reporting format.

ELECTRIC COST AND REVENUE TREND CALCULATIONS 2001-2013

AVISTA UTILITIES

Commission Basis Results of Operations

Twelve Months Ended December 31, 2013

(000'S OF DOLLARS)

Line No		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	RATE BASE													
	PLANT IN SERVICE													
32	Intangible	\$16,340	\$20,910	\$21,299	\$21,374	\$22,459	\$23,458	\$20,632	\$23,321	\$57,116	\$81,955	\$84,081	\$85,247	\$91,466
33	Production	460,292	545,002	556,067	598,268	615,624	649,965	645,576	657,099	677,646	692,689	706,894	717,448	738,315
34	Transmission	191,517	186,550	196,937	213,539	224,696	244,435	259,532	289,302	301,090	312,505	328,012	342,382	359,941
35	Distribution	416,914	429,987	443,649	459,739	480,886	502,838	529,067	561,248	602,201	642,143	696,082	743,732	796,640
36	General	59,846	59,771	60,444	63,155	65,299	80,110	81,368	91,205	98,727	120,996	140,218	155,104	179,134
37	Total Plant in Service	1,144,909	1,242,220	1,278,396	1,356,075	1,408,964	1,500,806	1,536,175	1,622,175	1,736,780	1,850,288	1,955,287	2,043,913	2,165,496
	ACCUMULATED DEPRECIATION/AMORT													
38	Intangible	na	na	na	na	na	na	na	na	na	na	3,744	4,369	17,667
39	Production	na	na	na	na	na	na	na	na	na	na	286,300	300,170	314,599
40	Transmission	na	na	na	na	na	na	na	na	na	na	111,144	116,316	122,308
41	Distribution	na	na	na	na	na	na	na	na	na	na	209,101	221,408	236,201
42	General	na	na	na	na	na	na	na	na	na	na	56,694	61,871	58,357
43	Total Accumulated Depreciation	373,090	391,351	422,390	447,359	474,906	506,599	526,307	557,426	585,821	629,399	666,983	704,134	749,132
44	NET PLANT	771,819	850,869	856,006	908,716	934,058	994,207	1,009,868	1,064,749	1,150,959	1,220,889	1,288,304	1,339,779	1,416,364
45	DEFERRED TAXES	(109,541)	(111,367)	(135,404)	(150,960)	(134,967)	(138,495)	(139,033)	(147,502)	(163,716)	(184,825)	(201,163)	(208,209)	(221,354)
46	Net Plant After Deferred Income Taxes	662,278	739,502	720,602	757,756	799,091	855,712	870,835	917,247	987,243	1,036,064	1,087,141	1,131,570	1,195,010
47	DEFERRED DEBITS AND CREDITS	(64,763)	22,356	21,841	20,255	20,751	18,799	21,020	19,593	17,776	17,776	18,845	16,438	14,761
48	WORKING CAPITAL	0	0	0	0	0	0	0	0	0	18,188	31,877	10,967	16,281
49	TOTAL RATE BASE	\$597,515	\$761,858	\$742,443	\$778,011	\$819,842	\$874,511	\$891,855	\$936,840	\$1,005,019	\$1,072,028	\$1,137,863	\$1,158,975	\$1,226,052
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Note: The Deferred Debits and Credits Category has been restated in prior years to reflect consistency with the current reporting format.

ELECTRIC COST AND REVENUE TREND CALCULATIONS 2001-2013

AVISTA UTILITIES
WASHINGTON ELECTRIC RESULTS

(000'S OF DOLLARS)

Electric Data for Escalators

Line		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
No.	Exclude Power Supply and Adder Schedule Expenses (DSM Tariff Rider and Residential Exchange Credit) from O&M													
1	Production/Transmission CBR Ln 7	47,157	101,475	132,098	101,545	105,374	104,260	102,890	117,123	87,599	147,107	145,634	131,795	143,904
2	Purchased Power CBR Ln 8	132,159	50,769	46,591	51,042	55,046	79,146	65,640	72,508	104,869	142,197	91,142	101,283	109,034
3	Distribution CBR Ln 13	10,560	9,631	10,171	12,016	14,263	15,485	14,563	17,329	17,267	18,354	19,081	21,152	20,878
4	Customer Accounting CBR Ln 17	6,196	7,113	7,129	7,352	7,156	7,097	7,514	7,919	9,646	9,261	10,275	10,336	11,334
5	Customer Service and Information CBR Ln 18	5,381	6,261	6,620	266	7,127	1,159	7,472	12,847	19,736	20,832	21,292	18,487	1,516
6	Sales CBR Ln 19	734	628	734	686	430	657	682	571	660	176	4	5	5
7	Administrative and General CBR Ln 20	25,102	30,304	30,153	31,927	33,143	33,148	35,844	35,982	38,461	44,662	44,779	49,333	43,310
8	Total Operating & Maintenance Expenses	227,289	206,181	233,496	204,834	222,539	240,952	234,605	264,279	278,238	382,589	332,207	332,391	329,981
9	Deduct Power Supply Expenses	(156,185)	(124,379)	(154,282)	(122,799)	(133,120)	(152,124)	(135,719)	(152,984)	(146,538)	(249,369)	(188,583)	(180,834)	(201,471)
10	Deduct DSM Tariff Rider Expenses	(5,115)	(6,113)	(6,179)	0	(6,652)	0	(6,711)	(12,172)	(19,005)	(19,612)	(20,235)	(17,018)	0
11	Deduct Res X Credit Expenses	11	60	51	0	62	0	37	24	27	41	31	58	0
12	Adjusted Operating Expenses	66,001	75,750	73,086	82,035	82,829	88,828	92,212	99,146	112,721	113,650	123,419	134,597	128,510
		-10.93%	14.77%	-3.52%	12.24%	0.97%	7.24%	3.81%	7.52%	13.69%	0.82%	8.60%	9.06%	-4.52%
	Depreciation/Amortization													
13	Production/Transmission CBR Ln 9	15,202	20,157	20,523	22,312	22,629	24,577	24,877	23,076	23,969	25,008	25,158	25,680	23,287
14	Distribution CBR Ln 14	9,178	9,427	9,752	10,067	10,399	10,776	11,333	15,611	16,809	17,985	19,240	20,749	22,303
15	Administrative and General CBR Ln 21	4,414	6,606	6,659	6,072	6,537	6,459	6,739	7,187	7,688	9,277	10,906	12,517	14,721
16	Total Depreciation/Amortization	28,794	36,190	36,934	38,451	39,565	41,812	42,949	45,874	48,466	52,270	55,304	58,946	60,311
		3.19%	25.69%	2.06%	4.11%	2.90%	5.68%	2.72%	6.81%	5.65%	7.85%	5.80%	6.59%	2.32%
	Exclude Adder Schedule amortizations (Residential Exchange Credit) from Regulatory Amortizations													
17	Regulatory Amortizations CBR Ln 10	(6,050)	(6,349)	(5,608)	567	(8,817)	1,168	(3,082)	(1,076)	(1,703)	(2,879)	403	(7,744)	8,626
18	Deduct Res X Credit amortization	1,416	7,512	6,339	0	9,388	0	5,582	3,576	4,005	6,244	4,610	8,683	0
19	Adjusted Regulatory Amortizations	(4,634)	1,163	731	567	571	1,168	2,500	2,500	2,302	3,365	5,013	939	8,626
	Exclude Adder Schedule excise taxes (DSM Tariff Rider and Residential Exchange Credit) from Taxes Other Than Income Tax													
20	Production/Transmission CBR Ln 11	5,139	7,164	6,722	7,283	9,900	9,115	8,319	8,146	9,014	9,955	10,846	11,456	12,913
21	Distribution CBR Ln 15	15,462	16,996	17,286	17,401	14,988	16,307	16,156	17,416	18,207	19,990	22,393	22,595	23,288
22	Administrative and General CBR Ln 22	2	1	2	3	(4)	0	(9)	(3)	(3)	2	0	(4)	0
23	Total Taxes Other Than Income Tax	20,603	24,161	24,010	24,687	24,884	25,422	24,466	25,559	27,218	29,947	33,239	34,047	36,201
24	Deduct DSM Tariff Rider Excise Tax	(205)	(245)	(248)	0	(267)	0	(269)	(488)	(762)	(787)	(812)	(683)	0
25	Deduct Res X Credit Excise Tax	57	303	256	0	379	0	225	144	162	252	186	351	0
26	Adjusted Taxes Other Than Income Tax	20,455	24,219	24,018	24,687	24,996	25,422	24,422	25,215	26,617	29,412	32,614	33,715	36,201
		-5.20%	18.40%	-0.83%	2.78%	1.25%	1.70%	-3.93%	3.25%	5.56%	10.50%	10.88%	3.38%	7.37%
27	Net Plant After Deferred Income Tax CBR Ln 46	662,278	739,502	720,602	757,756	799,091	855,712	870,835	917,247	987,243	1,036,064	1,087,141	1,131,570	1,195,010
		2.02%	11.66%	-2.56%	5.16%	5.45%	7.09%	1.77%	5.33%	7.63%	4.95%	4.93%	4.09%	5.61%
28	Total Rate Base CBR Ln 49	597,515	761,858	742,443	778,011	819,842	874,511	891,855	936,840	1,005,019	1,072,028	1,137,863	1,158,975	1,226,052
		5.11%	27.50%	-2.55%	4.79%	5.38%	6.67%	1.98%	5.04%	7.28%	6.67%	6.14%	1.86%	5.79%
	Exclude Power Supply and Transmission Wheeling from Other Operating Revenue													
29	Other Operating Revenue CBR Ln 5	14,305	34,274	57,244	8,587	10,259	10,178	10,170	10,927	9,395	11,786	13,666	13,089	13,408
30	Deduct Power Supply Other Revenue	(2,251)	(25,293)	(47,139)	(285)	(179)	(198)	(221)	(1,839)	(448)	(640)	(1,752)	(1,489)	(282)
31	Deduct Transmission Other Revenue	(9,892)	(7,115)	(7,569)	(5,523)	(6,637)	(7,024)	(6,876)	(6,213)	(6,133)	(8,333)	(9,102)	(8,285)	(9,662)
32	Adjusted Other Revenue	2,162	1,866	2,536	2,779	3,443	2,956	3,073	2,875	2,814	2,813	2,812	3,315	3,464
		23.52%	-13.69%	35.91%	9.58%	23.89%	-14.14%	3.96%	-6.44%	-2.13%	-0.02%	-0.03%	17.86%	4.50%

ELECTRIC COST AND REVENUE TREND CALCULATIONS 2001-2013

**AVISTA UTILITIES
WASHINGTON ELECTRIC RESULTS
ANNUAL AND COMPOUND GROWTH RATES**

Line		Electric Growth Rate Analysis and Escalation Factor Calculation												
No.	Annual Growth Rates	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	
1	Adjusted Operating Expenses	14.77%	-3.52%	12.24%	0.97%	7.24%	3.81%	7.52%	13.69%	0.82%	8.60%	9.06%	-4.52%	
2	Total Depreciation/Amortization	25.69%	2.06%	4.11%	2.90%	5.68%	2.72%	6.81%	5.65%	7.85%	5.80%	6.59%	2.32%	
3	Adjusted Taxes Other than Income	18.40%	-0.83%	2.78%	1.25%	1.70%	-3.93%	3.25%	5.56%	10.50%	10.88%	3.38%	7.37%	
4	Net Plant After Deferred Income Taxes	11.66%	-2.56%	5.16%	5.45%	7.09%	1.77%	5.33%	7.63%	4.95%	4.93%	4.09%	5.61%	
5	Total Rate Base	27.50%	-2.55%	4.79%	5.38%	6.67%	1.98%	5.04%	7.28%	6.67%	6.14%	1.86%	5.79%	
6	Adjusted Other Revenue	-13.69%	35.91%	9.58%	23.89%	-14.14%	3.96%	-6.44%	-2.13%	-0.02%	-0.03%	17.86%	4.50%	
Compound Growth Rates to 2013		2001-2013	2002-2013	2003-2013	2004-2013	2005-2013	2006-2013	2007-2013	2008-2013	2009-2013	2010-2013	2011-2013	2012-2013	
7	Adjusted Operating Expenses	5.71%	4.92%	5.81%	5.11%	5.64%	5.42%	5.69%	5.33%	3.33%	4.18%	2.04%	-4.52%	
7A	Adopted Operating Expenses							3.00%						
8	Total Depreciation/Amortization	6.35%	4.75%	5.03%	5.13%	5.41%	5.37%	5.82%	5.62%	5.62%	4.89%	4.43%	2.32%	
8A	Adopted Depreciation/Amortization							12.03%	(See page 10)					
9	Adjusted Taxes Other than Income	4.87%	3.72%	4.19%	4.35%	4.74%	5.18%	6.78%	7.50%	7.99%	7.17%	5.36%	7.37%	
10	Net Plant After Deferred Income Taxes	5.04%	4.46%	5.19%	5.19%	5.16%	4.89%	5.42%	5.43%	4.89%	4.87%	4.84%	5.61%	
10A	Adopted Net Plant After Deferred Income Taxes							7.66%	(See page 10)					
11	Rate base	6.17%	4.42%	5.14%	5.18%	5.16%	4.95%	5.45%	5.53%	5.10%	4.58%	3.80%	5.79%	
12	Adjusted Other Revenue	4.01%	5.79%	3.17%	2.48%	0.08%	2.29%	2.02%	3.80%	5.34%	7.18%	10.98%	4.50%	
Escalation Factor		2001-2013	2002-2013	2003-2013	2004-2013	2005-2013	2006-2013	2007-2013	2008-2013	2009-2013	2010-2013	2011-2013	2012-2013	
13	Adjusted Operating Expenses	2.25 years	13.31%	11.42%	13.54%	11.88%	13.15%	12.60%	13.25%	12.38%	7.65%	9.65%	4.65%	-9.89%
13A	Adopted Operating Expenses	2.25 years							6.88%					
14	Adjusted Depreciation/Amortization	1.5 years	9.68%	7.21%	7.63%	7.79%	8.23%	8.17%	8.86%	8.55%	8.54%	7.42%	6.72%	3.49%
14A	Adopted Depreciation/Amortization	1.5 years							18.57%	(See page 10)				
15	Adjusted Taxes Other than Income	2.25 years	11.30%	8.57%	9.67%	10.04%	10.98%	12.03%	15.90%	17.67%	18.88%	16.85%	12.46%	17.36%
16	Net Plant After Deferred Income Taxes	1.5 years	7.66%	6.76%	7.88%	7.89%	7.84%	7.42%	8.23%	8.26%	7.42%	7.40%	7.35%	8.53%
16A	Adopted Net Plant After Deferred Income Taxes	1.5 years							11.71%	(See page 10)				
17	Rate base	1.5 years	9.40%	6.70%	7.81%	7.87%	7.84%	7.51%	8.28%	8.41%	7.74%	6.94%	5.76%	8.81%
18	Adjusted Other Revenue	2.25 years	9.24%	13.49%	7.27%	5.66%	0.17%	5.23%	4.59%	8.75%	12.41%	16.89%	26.42%	10.42%

ELECTRIC COST AND REVENUE TREND CALCULATIONS 2001-2013

Electric Growth Rate Analysis and Escalation Factor Calculation

AVISTA UTILITIES
 WASHINGTON ELECTRIC RESULTS
 ANNUAL AND COMPOUND GROWTH RATES

Washington Electric- AMA ROO 2007 to September 2014 and AMA2016

Depreciation Expense*

	12-31-2014	12-31-2016
	24,529	26,594
	24,525	26,098
	19,103	28,125
	68,157	80,817
Adopted Compound Growth Rate		12.03%
Adopted Escalation Factor		18.57%

Net Plant After DFIT*

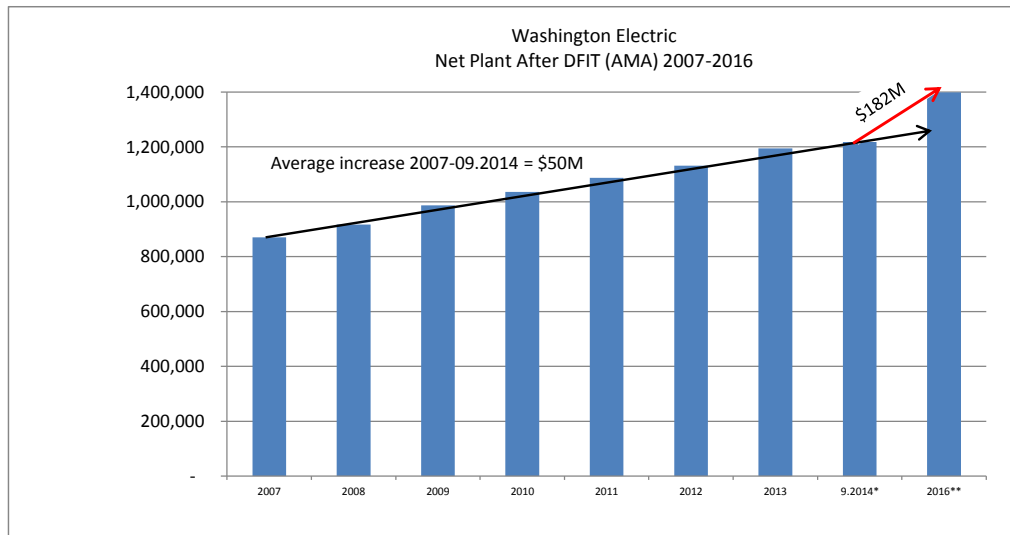
	12-31-2014	12-31-2016
	1,252,702	1,399,364
Adopted Compound Growth Rate		7.66%
Adopted Escalation Factor		11.71%

* Excludes growth plant between 12/31/2014 and 12/31/2016.

Net Plant before DFIT

Year	Net Plant before DFIT	Net Change
2007	870,835	
2008	917,247	46,412
2009	987,243	69,996
2010	1,036,064	48,821
2011	1,087,141	51,077
2012	1,131,570	44,429
2013	1,195,010	63,440
9.2014*	1,217,604	22,594
2016**	1,399,364	181,760

2007-09.2014 AVG
49,538



*Per 09.2014 Commission Basis Report data, See page 5, line 46

**Per Pro Forma Cross Check Study - See Exhibit No. _(JSS-2)

ELECTRIC BILLING DETERMINANT INDEX
09.2014 TO 2016 WEIGHTED REVENUE GROWTH

Line			Revenue Model	Forecast	Billing Determinant	Revenue		Weight x Growth	
Ended De Rate	Schedule		12 ME 09.2014	2016	Growth	12 ME 09.2014	Weight		
			[A]	[B]	[C] = ([B] - [A])/[A]	[D]	[E] = [D] / SUM([D])	[F] = [C] x [E]	
1	RESIDENTIAL	Basic Charge	SCHEDULE 1	2,462,067	2,512,732	2.06%	20,927,570	4.19%	0.09%
2	GENERAL SVC.	Basic Charge	SCH. 11,12	364,552	379,314	4.05%	6,561,936	1.31%	0.05%
3	LG. GEN. SVC.	Fixed Demand/Cust	SCH. 21,22	24,110	24,225	0.48%	12,055,000	2.41%	0.01%
4	EX LG GEN SVC	Fixed Demand/Cust	SCHEDULE 25	252	252	-0.12%	5,292,000	1.06%	0.00%
5	PUMPING	Basic Charge	SCH. 30, 31, 32	29,216	34,478	18.01%	525,888	0.11%	0.02%
6	ST & AREA LTG	Basic Charge	SCH. 41-48						
7	RESIDENTIAL	Volumes	SCHEDULE 1	2,378,478,031	2,447,894,613	2.92%	193,913,530	38.78%	1.13%
8	GENERAL SVC.	Volumes	SCH. 11,12	588,401,236	591,388,923	0.51%	62,328,507	12.47%	0.06%
9	LG. GEN. SVC.	Volumes	SCH. 21,22	1,419,228,271	1,431,149,606	0.84%	101,678,503	20.34%	0.17%
10	EX LG GEN SVC	Volumes	SCHEDULE 25	1,105,372,136	1,114,987,712	0.87%	53,481,706	10.70%	0.09%
11	PUMPING	Volumes	SCH. 30, 31, 32	137,227,044	131,725,347	-4.01%	10,944,583	2.19%	-0.09%
12	ST & AREA LTG	Volumes	SCH. 41-48	25,127,765	24,890,112	-0.95%	7,019,746	1.40%	-0.01%
13	RESIDENTIAL	Demand	SCHEDULE 1				-		
14	GENERAL SVC.	Demand	SCH. 11,12	402,284	364,641	-9.36%	2,413,704	0.48%	-0.05%
15	LG. GEN. SVC.	Demand	SCH. 21,22	2,748,136	2,697,553	-1.84%	16,418,326	3.28%	-0.06%
16	EX LG GEN SVC	Demand	SCHEDULE 25	1,276,783	1,168,073	-8.51%	6,420,658	1.28%	-0.11%
17	PUMPING	Demand	SCH. 30, 31, 32						
18	ST & AREA LTG	Demand	SCH. 41-48						
19	Total						499,981,655	100.00%	1.31%
Total Customers				2,880,197	2,951,000	2.46%			
Total Volumes				5,653,834,483	5,742,036,314	1.56%			
Total Demand				4,427,203	4,230,267	-4.45%			