

DOCKETS UE-160228 & UG-160229
JOINT ISSUES LIST - ELECTRIC
August 31, 2016

Adj #	ISSUE	DESCRIPTION	AVISTA - AS FILED		COMMISSION STAFF		PUBLIC COUNSEL (A)		ICNU			THE ENERGY PROJECT	
			Rev. Req.	Rate Base	Rev. Req.	Rate Base	Rev. Req.	Rate Base	Rev. Req.	NOI	Rate Base	Rev. Req.	Rate Base
			\$'s in Thousands		\$'s in Thousands		\$'s in Thousands		\$'s in Thousands			\$'s in Thousands	
ATTRITION STUDY													
1									(3,832)	98,113	1,320,522		
2		2017 Attrition Study	\$38,568	\$1,475,472	\$20,306	\$1,418,562	Reject attrition adjustments based on failure to demonstrate that costs are escalating beyond the utility's control						
3		2018 Attrition Study	\$48,869	\$1,494,590	\$29,993	\$1,438,578				ICNU opposes a second year rate increase justified on the basis of an Attrition Allowance			
4		Incremental 2018 Attrition Study - 6 months (Jan 2018-Jun 2018) beyond 2017	\$10,301	\$19,118	\$9,687	\$20,016							
PRO FORMA STUDY													
5	1.00	Results of Operations	Results of Operations - actual operating results and total net rate base experienced by the Company for the twelve-month period ending September 30, 2015 on an average-of-monthly-average (AMA) basis.	(\$3,260)	\$1,309,195	(\$10,441)	\$1,309,195			(11,497)	102,043	1,309,195	
6	1.01	Deferred FIT Rate Base	Adjusts DFIT rate base balance to reflect the deferred tax balances arising from accelerated tax depreciation (Accelerated Cost Recovery System, or ACRS, and Modified Accelerated Cost Recovery, or MACRS, repairs deduction and bonus depreciation), bond refinancing premiums, and contributions in aid of construction. The increase in ADFIT (which is a reduction of rate base) included in this adjustment is primarily due to the annualizing of tax depreciation adjustments for the repairs deduction and bonus depreciation related to the 2015 federal tax return.	(\$703)	(\$6,556)	(\$667)	(\$6,556)			(662)	(65)	(6,556)	
7	1.02	Deferred Debits and Credits	Consolidation of previous Commission Basis or other restating rate base adjustments (Colstrip 3 AFUDC Elimination, Colstrip Common AFUDC, Kettle Falls Disallowance, Settlement Exchange Power, Restating CDA Settlement Deferral, Restating CDA/SSR, Spokane River Def, Spokane River PM&E, Montana Riverbed Lease, Lancaster Amortization, Customer Advances and Customer Deposits).	(\$2,479)	(\$6,302)	(\$5,970)	(\$6,302)			(2,440)	1,055	(6,302)	
8	1.03	Working Capital	Includes Working Capital using the Investor Supplied Working Capital (ISWC) methodology consistent with Docket No. UE-150204 and UE-150205.	\$467	\$4,352	\$443	\$4,352			439	43	4,352	

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9	1.04	Plant Held for Future Use	Includes certain property as rate base that the Company owned at the time of this filing that has been recorded as held for future use.	\$582	\$5,431	\$0	\$0			-	-	-		
10	2.01	Eliminate B & O Taxes	Eliminates the revenues and expenses associated with local business and occupation (B & O) taxes.	\$101	\$0	\$101	\$0			101	(62)	-		
11	2.02	Restate Property Tax	Restates the accrued property tax during the test period to actual property tax paid during 2015.	\$456	\$0	(\$349)	\$0			456	(283)	-		
12	2.03	Uncollectable Expense	Restates the accrued expense to the actual level of net write-offs for the test period.	\$1,105	\$0	\$1,105	\$0			1,105	(685)	-		
13	2.04	Regulatory Expense	Restates recorded regulatory expense for the twelve-months-ended September 30, 2015 to reflect the UTC assessment rates applied to revenues for the test period and the actual levels of FERC fees paid during the test period.	\$19	\$0	\$19	\$0			19	(12)	-		
14	2.05	Injuries and Damages	Replaces accrued injuries and damages expense with a six-year rolling average of actual injuries and damages payments not covered by insurance.	\$190	\$0	\$190	\$0			190	(118)	-		
15	2.06	FIT/DFIT/ ITC/PTC Expense	Adjusts the FIT and DFIT calculated at 35% within Results of Operations, revising the Section 199 Manufacturing Permanent M Deduction to the amount that should have been accrued for the period ending September 30, 2015. This adjustment also adjusts the appropriate level of production tax credits and investment tax credits on qualified generation.	(\$913)	\$0	(\$913)	\$0			(913)	566	-		
16	2.07	Office Space Charges to Subsidiaries	Removes the remaining portion of office space costs associated with subsidiary/non-utility activities not previously removed during the test period.	(\$35)	\$0	(\$35)	\$0			(35)	21	-		
17	2.08	Restate Excise Taxes	Removes the effect of a one-month lag between collection and payment of taxes.	(\$349)	\$0	(\$349)	\$0			(349)	216	-		
18	2.09	Net Gains / Losses	Ten-year amortization of net gains realized from the sale of real property disposed of between 2006 and September 30, 2015.	(\$83)	\$0	(\$83)	\$0			(83)	51	-		
19	2.10	Weather Normalization	Adjustment normalizes weather sensitive kWh sales by eliminating the effect of temperature deviations above or below historical norms.	(\$3,108)	\$0	(\$3,108)	\$0			(3,108)	1,927	-		
20	2.11	Eliminate Adder Schedules	Removes the impact of the adder schedule revenues and related expenses, such as Schedule 91 Tariff Rider (DSM), Schedule 92 Low Income Rate Assistance Program Rate, Schedule 93 ERM rebate, Schedule 94 BPA rebate, and Schedule 59 Residential Exchange credit, since these items are recovered/rebated by separate tariffs and, therefore, are not part of base rates.	\$0	\$0	\$0	\$0			-	-	-		

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21	2.12	Miscellaneous Restating Expenses	Removes a number of non-operating or non-utility expenses associated with dues and donations included in error in the test period actual results, as well as prior period/non-recurring expenses. In addition, the Company removed 50% of Director meeting expenses, 10% D&O insurance, Long-Term Incentive Plan (LTIP) restricted share expenses, and adjusted Director Fees expense to reflect a 97% (Utility) / 3% (Non-Utility) as proposed by the Company. Lastly, this adjustment removes or restates other expenses incorrectly charged between service and or jurisdiction.	(\$858)	\$0	(\$858)	\$0			(1,204)	747	-		
22	2.13	Eliminate WA Power Cost Deferral	Removes the effects of the financial accounting for the Energy Recovery Mechanism (ERM.)	(\$8,121)	\$0	(\$8,121)	\$0			(8,121)	5,034	-		
23	2.14	Nez Perce Settlement Adjustment	This adjustment directly assigns the Nez Perce Settlement expenses to the Washington and Idaho jurisdictions based on differing regulatory treatment in Idaho Case No. WWP-E-98-11 and Washington Docket No. UE-991606.	(\$9)	\$0	(\$9)	\$0			(9)	6	-		
24	2.15	Restate Debt Interest	Restates debt interest using the Company's pro forma weighted average cost of debt.	(\$702)	\$0	(\$694)	\$0			(239)	148	-		
25	2.16	Restate Incentive Expenses	Reduces actual incentives included in the Company's test period ending September 30, 2015 to reflect a six-year average of payout percentages.	(\$1,291)	\$0	\$903	\$0			(1,291)	800	-		
26	3.00	Pro Forma Power Supply	This adjustment includes pro forma power supply related revenue and expenses to reflect the twelve-month period January 1, 2017 through December 31, 2017, using historical loads.	\$5,795	\$0	\$5,224	\$0			4,482	(2,778)	-		
27	3.01	Pro Forma Transmission Revenues/Expenses	This adjustment includes pro forma transmission-related revenues and expenses to reflect the twelve-month period January 1, 2017 through December 31, 2017.	\$596	\$0	\$411	\$0			(349)	217	-		
28	3.02	Pro Forma Labor Non-Exec	Reflects changes to test period union and non-union wages and salaries to reflect increases through 2016. Union salary increases for 2017 are also included in accordance with union contract terms.	\$2,176	\$0	\$2,176	\$0			1,295	(803)	-		
29	3.03	Pro Forma Labor Exec	Reflects changes to reflect an annualized 2015 level of allocated executive officer salaries. Total salary levels were allocated based on the actual allocation as of September 30, 2015 consistent with Order No. UE-150204 and UG-150205.	\$57	\$0	\$57	\$0			57	(35)	-		
30	3.04	Pro Forma Employee Benefits	Adjusts for changes in both the Company's pension and medical insurance expense.	\$1,210	\$0	\$1,405	\$0			1,210	(750)	-		

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31	3.05	Pro Forma Regulatory Amortization Adj	Removes various amortization expenses included in the Company's test period that expire prior to the 2017 rate year. The expiring regulatory amortizations include: 1) 2011 deferred Colstrip and Coyote Springs 2 thermal maintenance expense, and a 4-year Amortization of the 2011 deferral amount; 2) BPA Settlement Deferral; 3) Canada to Northern California (CNC) Transmission Project; 4) LiDAR O&M and Deferred O&M; and 5) Wartsila Generator (Small Gen) expenses.	(\$412)	\$0	(\$1,788)	\$0			(412)	255	-		
32	3.06	Pro Forma Property Tax Expense	Restates the 2015 level of property tax expense included in adjustment (2.02) Restate 2015 Property Tax, to the 2016 level of expense. The property on which the tax is calculated is the property value as of December 31, 2015, reflecting the 2016 level of expense the Company will experience during 2016.	\$1,136	\$0	\$1,095	\$0			1,136	(704)	-		
33	3.07	Pro Forma Meter Deferral & Amortization	Reflects the removal of the estimated undepreciated value of the electric distribution meters, removing this balance from electric distribution plant, and recording it as a regulatory asset (added to regulatory deferred debits and credits rate base balance). (The impact to net rate base is therefore \$0.) This adjustment also reduces depreciation to reflect the net depreciation expense included in the 2017 rate period, as well as the amortization expense of the Regulatory Asset over the Company's proposed fifteen-year amortization schedule (starting in January 2017), with a return on the unamortized balance. .	\$1,209	\$0	\$0	\$0			-	-	-		
34	3.08	Pro Forma Revenue Normalization	Includes the revenue repricing of the 2016 authorized rates approved in Docket No. UE-150204.	\$3,207	\$0	\$3,207	\$0			3,207	(1,988)	-		
35	3.09	Pro Forma Capital Additions December 2015 AMA	Restates net plant included in the historical CBR test year from a September 30, 2015 AMA basis to a December 31, 2015 AMA basis, together with the associated A/D, ADFIT and depreciation expense at December 31, 2015, to reflect actual balances as of December 31, 2015.	\$3,970	\$18,307	\$4,538	\$21,609			3,855	(1,062)	18,307		
36	3.10	Pro Forma 2016 Limited Capital Additions	Reflects increases related to certain 2016 capital additions, together with associated A/D and ADFIT. This adjustment also includes associated depreciation expense for these 2016 additions. This adjustment includes only identified Pro Forma projects that are one-half of one percent of the Company's rate base, representing a threshold for choosing specific capital projects to include within the modified test year Pro Forma Study.	\$11,244	\$86,690	\$7,107	\$60,831			7,088	195	63,284		

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37	3.11	Pro Forma O&M Offsets	For the specific 2016 capital projects included in Pro Forma 2016 Limited Capital Additions adjustment (3.10) above, maintenance records were reviewed to determine whether any specific maintenance costs were incurred in the test period that would be reduced or eliminated by the investment for that capital project. Those reductions in costs were quantified and included as a reduction to O&M.	(\$214)	\$0	\$0	\$0			(214)	133	-		
38	3.12	PF Major Maint Normalize CS2/Colstrip	Adjusts maintenance expense to normalize major maintenance expense associated with its Colstrip/Coyote Springs II (CS2) thermal projects per Order 05 of Docket UE-150204, including major maintenance expense associated with these plants over a three-year period for Colstrip and four-year period for CS2 to match the major maintenance cycles for each plant, rather than in total in the year the maintenance occurs.	\$862	\$0	\$862	\$0			862	(534)	-		
			Rounding (immaterial)							(2)	1			
										(5,426)	103,579	1,382,280		

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2017 CROSS CHECK STUDY														
The following adjustments begin the 2017 Cross Check adjustments included by the Company to include additional expenses and plant additions beyond the Pro Forma Study identified by the Company that are expected during the 2017 rate year.														
39	4.00	Cross Check Capital Additions 2016 AMA (Incremental)	Reflects the additional 2016 capital additions beyond that included in adjustment (3.10) "Pro Forma 2016 Limited Capital Additions," discussed above, including associated depreciation expenses, A/D and ADFIT. This adjustment also adjusts total plant and associated A/D and ADFIT to calendar 2016 on an AMA basis.	\$7,053	\$2,234	\$0	\$0			ICNU opposes the inclusion of cross-check adjustments in the Traditional revenue requirement methodology				
40	4.01	Cross Check Major Capital Additions 2017 AMA	Reflects the additional 2017 capital additions together with the associated A/D and ADFIT for 2017 on an AMA basis. This adjustment also includes associated depreciation expense for these 2017 additions. In addition, this adjustment adjusts total plant and associated A/D and ADFIT for 2016 to calendar year 2017 on an AMA basis.	\$14,901	\$69,281	\$0	\$0							
41	4.02	Cross Check Labor Non-Exec	Reflects the additional 2017 non-union labor increases expected in March 2017, excluded from Adjustment 3.02 "Pro Forma Labor Non-Exec."	\$681	\$0	\$0	\$0							
42	4.03	Cross Check 2017 AMI Capital & Expense	Reflects the 2017 plant-in-service, and associated A/D and ADFIT on an AMA basis related to the Company's planned investment in its Advanced Metering Infrastructure (AMI) project. This adjustment also includes the associated depreciation expense for the 2017 AMI additions	\$5,659	\$20,703	\$0	\$0	Joint proposal with The Energy Project. Decline to approve AMI proposal at this time because expenses have not been fully developed, costs are not known and measurable, the project is not used and useful, benefits have not been proven, and the project has not been shown to be prudent or cost effective.						
43	4.04	Cross Check Information Tech/Service Expense	Includes the incremental costs associated with software development, application licenses, maintenance fees, and technical support for a range of information services programs.	\$1,957	\$0	\$0	\$0							
44	4.05	Cross Check Property Tax	Restates the pro forma level of property tax expense included in Pro Forma Property Tax Adjustment (3.06), to property tax levels expected during the 2017 rate period, based on property values expected as of December 31, 2016.	\$1,301	\$0	\$0	\$0							

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45	4.06	Cross Check Insurance Expense	Adjusts actual test period insurance expense related to the utility for general liability, directors and officers ("D&O") liability, and property to reflect the expected 2017 level of insurance.	\$80	\$0	\$0	\$0							
46	4.07	Reconcile 2017 Cross Check to Attrition	Represents the difference between the 2017 Cross Check Study and the Attrition Study.	(\$4,906)	(\$27,863)	\$0	\$0							
47	4.08	Staff Proposed Attrition Allowance	Represents the difference between Staff's attrition studies and Staff's modified historical test year.	\$0	\$0	\$30,112	\$70,184							
			Rounding (immaterial)	(\$3)										
48			Revenue Requirement	\$ 38,568	\$ 1,475,472	\$ 25,570	\$ 1,453,313							
2018 CROSS CHECK STUDY														
49	The following adjustments begin the 2018 Cross Check adjustments included by the Company to include additional expenses and plant additions beyond the 2017 Cross Check Study identified by the Company for the (Jan-Jun) 2018 rate period.													
50	18.01	Cross Check Power Supply	This adjustment includes pro forma power supply related revenues and expenses to reflect the twelve-month period July 1, 2017 through June 30, 2018, using historical loads, incorporating the incremental increase in net power supply expense from the 2017 rate period levels.	\$2,921	\$0	\$0	\$0							
51	18.02	Cross Check Transmission Revenues/Expenses	This adjustment includes the incremental transmission-related revenues to reflect changes in revenues for the 6-month period January to June 2018, beyond that reflected during the 2017 rate period. There are no material changes in expense expected during the 6-month period, January to June 2018.	\$203	\$0	\$0	\$0							
52	18.03	Cross Check Labor Non-Exec	Reflects the incremental labor expense associated with the March 2018 union and non-union labor increase expected for the period March 1 – through June 30, 2018.	\$814	\$0	\$0	\$0							
53	18.04	Cross Check Major Capital Additions 2018 AMA	Reflects the additional 2018 capital additions together with the associated A/D and ADFIT for the 6-month period January through June 2018, on an AMA basis. This adjustment also includes associated depreciation expense for the incremental 6-month period January to June 2018 on these capital additions. In addition, this adjustment adjusts total plant and associated A/D and ADFIT for 2017 AMA to January to June 2018 AMA.	\$3,105	(\$4,895)	\$0	\$0							

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54	18.05	Cross Check 2018 AMI Capital & Expense	Reflects the January through June of 2018 plant-in-service additions, and associated A/D and ADFIT on an AMA basis related to the Company's planned investment in its Advanced Metering Infrastructure (AMI) project for this incremental 6-month period. This adjustment also includes the associated depreciation expense for these additions.	\$4,009	\$17,483	\$0	\$0	Joint proposal with The Energy Project. Decline to approve AMI proposal at this time because expenses have not been fully developed, costs are not known and measurable, the project is not used and useful, benefits have not been proven, and the project has not been shown to be prudent or cost effective.								
55	18.06	Cross Check Insurance Expense	Adjusts 2017 insurance expense levels related to the utility for general liability, D&O liability, and property included in Adjustment 4.06 "Cross Check Insurance Expense," reflecting the incremental 6-month January through June 2018 level of insurance expense. This adjustment excludes the 10% portion of D&O insurance associated with non-utility.	\$69	\$0	\$0	\$0									
56	18.07	Cross Check Information Tech/Service Expense	Includes the incremental costs associated with software development, application licenses, maintenance fees, and technical support for a range of information services programs beyond 2017 for the period January through June 2018.	\$412	\$0	\$0	\$0									
57	18.08	Reconcile 2018 Cross Check to Attrition	Represents the difference between the 2018 Cross Check Study and the Attrition Study.	(\$1,234)	\$6,530	\$0	\$0									
58			Rounding (immaterial)	\$2												
59			Revenue Requirement	\$ 48,869	\$ 1,494,590											
60			Incremental 2018 Attrition/Cross Check Total	\$ 10,301	\$ 19,118											
61																
62			COST OF CAPITAL													
63			Cost of Capital - Return on Equity		9.90%		9.20%				9.10%					
64			Cost of Capital - Cost of Debt		5.51%		5.51%				5.51%					
65			Cost of Capital - Capital Structure		48.5		48.5				48.50%					
66			Rate of Return		7.64%		7.30%				7.25%					
67																

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68		COST OF SERVICE/RATE SPREAD/RATE DESIGN												
		COST OF SERVICE												
												1) Allocate production fixed costs via peak		
69		Rate Spread		17.5% Movement towards Unity		Uniform % Rate increase across all schedules						A) 2017 rates: 1) Company's rate spread if full revenue request approved; 2) Savings from lower approved revenue requirement should accrue to other classes in proportion to Avista's proposed increase amounts, except Sch. 1 retains the Company proposed 8.4% rate increase (e.g., RRS-1TC at 37, Table 5). B) 2018 rates: same approach, except Sch. 1 should have at least a 6% increase to make significant movement toward cost of service.		
70		Rate Design - Schedule 1		<ul style="list-style-type: none"> • Increase Basic Charge to \$9.50/month in 2017, no change 2018 • Uniform ¢ increase to Blocks 										
71		Rate Design - Schedule 11		<ul style="list-style-type: none"> • Increase Customer Charge from \$18.00 to \$20.00 in 2017, no change 2018 • Increase Demand from \$6.00 to \$6.50/kW in 2017, no change 2018 • Uniform % Blocks 										
72		Rate Design - Schedule 21		<ul style="list-style-type: none"> • Minimum Demand remains at \$500 • Increase Demand from \$6.00 to \$6.50/kW in 2017, no change 2018 • Uniform % Blocks 		No change to Basic Charges Support Company proposed increase to demand charges								
73		Rate Design - Schedule 25		<ul style="list-style-type: none"> • Minimum Demand remains at \$21000 • Increase Demand from \$6.00 to \$6.50/kVA in 2017, no change 2018 • Uniform % Blocks 		Support Company proposal to discontinue HPS light offerings to new customers						Apply Schedule 91 DSM funding charges only to blocks 1 and 2 energy charges of Schedule 25.		
74		Rate Design - Schedule 31		<ul style="list-style-type: none"> • Increase Customer Charge from \$18.00 to \$20.00 in 2017, no change 2018 • Uniform % Blocks 										
75		Rate Design - Schedule Lighting		<ul style="list-style-type: none"> • Uniform Percentage Increase in 2017 and 2018 										
76		Demand Response - Schedule 78 - Large Customer Demand Response Pilot Program										See proposal RRS-1TC at 43-47 & RRS-10		
77		OTHER ISSUES												

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78			(A) Public Counsel Column includes positions for which Public Counsel is Neutral in its Direct Testimony. For items that parties are neutral in direct, parties may adopt, support, or oppose other parties' positions and develop a recommendation in later stages of this proceeding, including on brief. This issues list does not include positions that may be taken in rebuttal or cross-answering testimony.											
79		Advance Metering Infrastructure Proposal						Joint proposal with The Energy Project. Decline to approve AMI proposal at this time because expenses have not been fully developed, costs are not known and measurable, the project is not used and useful, benefits have not been proven, and the project has not been shown to be prudent or cost effective.						
80		ERM Offset		2018 Electric Increase offset using Energy Recovery Mechanism Deferral Balance for Jan. 1, 2018 through June 30, 2018		Decline the use of ERM funds to offset a rate increase.								
81		Power Supply update (60 days prior to effective date January 1, 2017 & 2018)		The Company proposes to update its power supply costs sixty (60) days prior to new rates going into effect in January 2017, as well as January 2018, to reflect the most recent information available for power supply costs. The updated power supply cost data will not only be reflected in the base rate adjustment, but will also reset the base for the ERM calculations for the future rate period.										
82		Generic Cost of Service Proceeding				Implement a Generic Cost of Service Proceeding to review and evaluate numerous issues on cost of service methodology in Washington								
83		Multiple rate increases			Yes	No								

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1	Adj.	ISSUE	DESCRIPTION	AVISTA - AS FILED		COMMISSION STAFF		NWIGU			THE ENERGY PROJECT	
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				\$'s in Thousands		\$'s in Thousands		\$'s in Thousands			\$'s in Thousands	
			ATTRITION STUDY									
2												
3		2017 Attrition Study		\$4,397	\$298,315	\$2,074	\$289,739	(\$4,787)	\$22,259	#####		
4		2018 Attrition Study		\$5,338	\$302,859	\$2,091	\$294,095	NWIGU opposes a second year rate increase justified on the basis of an Attrition Allowance				
5		Incremental 2018 Attrition Study - 6 months (Jan 2018-Jun 2018) beyond 2017		\$941	\$4,544	\$17	\$4,356					
4			PRO FORMA CROSS CHECK STUDY									
5												
6	1.00	Per Results Report	Results of Operations - actual operating results and total net rate base experienced by the Company for the twelve-month period ending September 30, 2015 on an average-of-monthly-average (AMA) basis.	\$8,497	\$259,389	\$7,075	\$259,389	\$6,866	\$14,549	#####		
7	1.01	Deferred FIT Rate Base	Adjusts DFIT rate base balance to reflect the deferred tax balances arising from accelerated tax depreciation (Accelerated Cost Recovery System, or ACRS, and Modified Accelerated Cost Recovery, or MACRS, repairs deduction and bonus depreciation), bond refinancing premiums, and contributions in aid of construction. The change in ADFIT included in this adjustment is primarily due to the annualizing of tax depreciation adjustments for the repairs deduction and bonus depreciation related to the 2015 federal tax return.	\$5	\$50	\$5	\$50	\$5	\$0	\$50		
8	1.02	Deferred Debits and Credits	Consolidation of previous Commission Basis or other restating rate base adjustments (Customer Advances and Customer Deposits).	\$1	\$0	\$1	\$0	\$1	(\$1)	\$0		
9	1.03	Working Capital	Includes Working Capital using the Investor Supplied Working Capital (ISWC) methodology consistent with Docket No. UE-150204 and UE-150205.	\$303	\$2,828	\$288	\$2,828	\$285	\$28	\$2,828		
10	2.01	Eliminate B & O Taxes	Eliminates the revenues and expenses associated with local business and occupation (B & O) taxes.	\$15	\$0	\$15	\$0	\$15	(\$9)	\$0		
11	2.02	Restate Property Tax	Restates the accrued property tax during the test period to actual property tax paid during 2015.	(\$197)	\$0	(\$368)	\$0	(\$197)	\$122	\$0		
12	2.03	Uncollectible Expense	Restates the accrued expense to the actual level of net write-offs for the test period.	(\$328)	\$0	(\$328)	\$0	(\$328)	\$203	\$0		
13	2.04	Regulatory Expense	Restates recorded regulatory expense for the twelve-months-ended September 30, 2015 to reflect the UTC assessment rates applied to revenues for the test period and the actual levels of FERC fees paid during the test period.	(\$13)	\$0	(\$13)	\$0	(\$13)	\$8	\$0		
14	2.05	Injuries and Damages	Replaces accrued injuries and damages expense with a six-year rolling average of actual injuries and damages payments not covered by insurance.	\$242	\$0	\$242	\$0	\$242	(\$150)	\$0		
15	2.06	FIT/DFIT Expense	Adjusts the FIT calculated at 35% within Results of Operations to reflect the appropriate Schedule M adjustment necessary to match a DFIT expense amount recorded related to WA natural gas decoupling.	(\$360)	\$0	(\$360)	\$0	(\$360)	\$223	\$0		

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	Adj.	ISSUE	DESCRIPTION	AVISTA - AS FILED		COMMISSION STAFF		NWIGU			THE ENERGY PROJECT	
	#			Rev. Req.	Rate Base	Rev. Req.	Rate Base	Rev. Req.	NOI	Rate Base	Rev. Req.	Rate Base
1				\$'s in Thousands		\$'s in Thousands		\$'s in Thousands			\$'s in Thousands	
16	2.07	Office Space Charges to Subsidiaries	Removes the remaining portion of office space costs associated with subsidiary/non-utility activities not previously removed during the test period.	(\$9)	\$0	(\$9)	\$0	(\$9)	\$6	\$0		
17	2.08	Restate Excise Taxes	Removes the effect of a one-month lag between collection and payment of taxes.	(\$5)	\$0	(\$5)	\$0	(\$5)	\$3	\$0		
18	2.09	Net Gains/Losses	Ten-year amortization of net gains realized from the sale of real property disposed of between 2006 and September 30, 2015.	(\$6)	\$0	(\$6)	\$0	(\$6)	\$4	\$0		
19	2.10	Weather Normalization / Gas Cost Adjustment	Adjustment normalizes weather sensitive gas therm sales by eliminating the effect of temperature deviations above or below historical norms. This adjustment also restates therms sold to reflect the weather normalized therms and then reprices the adjusted therms sold based upon the authorized weighted average cost of gas.	(\$1,862)	\$0	(\$1,862)	\$0	(\$1,862)	\$1,154	\$0		
20	2.11	Eliminate Adder Schedules	Removes the impact of the adder schedule revenues and related expenses, such as Schedule 191 Tariff Rider (DSM), Schedule 192 Low Income Rate Assistance Program Rate, Schedule 155 Gas Cost surcharge or rebate, and Schedule 159 Decoupling surcharge or rebate, since these items are recovered/rebated by separate tariffs and, therefore, are not part of base rates.	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
21	2.12	Miscellaneous Restating Adjustments	Removes a number of non-operating or non-utility expenses associated with dues and donations included in error in the test period actual results, as well as prior period/non-recurring expenses. In addition, the Company removed 50% of Director meeting expenses, 10% D&O insurance, Long-Term Incentive Plan (LTIP) restricted share expenses, and adjusted Director Fees expense to reflect a 97% (Utility) / 3% (Non-Utility) as proposed by the Company. Lastly, this adjustment removes or restates other expenses incorrectly charged between service and or jurisdiction.	(\$233)	\$0	(\$233)	\$0	(\$333)	\$207			
22	2.13	Restate Debt Interest	Restates debt interest using the Company's pro forma weighted average cost of debt.	(\$139)	\$0	-137	\$0	(\$331)	\$205			
23	2.14	Restating Incentive Expense Adjustment	Reduces actual incentives included in the Company's test period ending September 30, 2015 to reflect a six-year average of payout percentages.	(\$513)	\$0	\$140	\$0	(\$513)	\$318			
24	2.15	Project Compass Deferral	This adjustment records the deferral of the natural gas revenue requirement amount for the period January through September 2015 per the Settlement Stipulation in Docket No. UG-140189, Section III, paragraph 7, page 4-5.	(\$1,578)	\$0	(\$1,578)	\$0	(\$1,578)	\$978			
25	3.00	Pro Forma Labor Non-Exec	Reflects changes to test period union and non-union wages and salaries to reflect increases through 2016. Union salary increases for 2017 are also included in accordance with union contract terms.	\$675	\$0	\$675	\$0	\$413	(\$256)			
26	3.01	Pro Forma Labor Exec	Reflects changes to reflect an annualized 2015 level of allocated executive officer salaries. Total salary levels were allocated based on the actual allocation as of September 30, 2015 consistent with Order No. UE-150204 and UG-150205.	(\$14)	\$0	(\$14)	\$0	(\$14)	\$8			

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	#			Rev. Req.	Rate Base	Rev. Req.	Rate Base	Rev. Req.	NOI	Rate Base	Rev. Req.	Rate Base
				\$'s in Thousands		\$'s in Thousands		\$'s in Thousands			\$'s in Thousands	
27	3.02	Pro Forma Employee Benefits	Adjusts for changes in both the Company's pension and medical insurance expense.	\$361	\$0	\$418	\$0	\$361	(\$224)			
28	3.03	Pro Forma Pipeline Safety Labor	Reflects an increase in labor costs required in order to meet standards and compliance requirements associated with new Pipeline Safety Management System requirements (API RP-1173).	\$109	\$0	\$0	\$0	\$109	(\$68)			
29	3.04	Pro Forma Property Tax Expense	Restates the 2015 level of property tax expense included in adjustment (2.02) Restate 2015 Property Tax, to the 2016 level of expense. The property on which the tax is calculated is the property value as of December 31, 2015, reflecting the 2016 level of expense the Company will experience during 2016.	\$205	\$0	\$241	\$0	\$205	(\$127)			
30	3.05	Pro Forma Revenue Normalization	Includes the revenue repricing of the 2016 authorized rates approved in Docket No. UG-150205.	(\$12,907)	\$0	(\$12,907)	\$0	(\$12,907)	\$8,002			
31	3.06	Pro Forma Atmospheric Testing Expense	Adjusts the test period expense for atmospheric corrosion expense to reflect the inspection costs and follow-up remedial actions expected in 2017, based on an inspection cycle that will be completed one third of each jurisdiction per year.	\$247	\$0	\$247	\$0	\$247	(\$153)			
32	3.07	Pro Forma Regulatory Amortization	Includes the regulatory amortization expense associated with the approved two-year amortization of the deferred natural gas revenue requirement associated with the Company's Project Compass Customer Information System (CIS) for calendar year 2015. This adjustment first eliminates the 2015 deferral of the expense recorded as a September 2015 restating adjustment (2.15), which must be removed for the 2017 rate period.	\$2,709	\$0	\$2,709	\$0	\$2,709	(\$1,680)			
33	3.08	Pro Forma Capital Additions December 2015 AMA	Restates net plant included in the historical CBR test year from a September 30, 2015 AMA basis to a December 31, 2015 AMA basis, together with the associated A/D, ADFIT and depreciation expense at December 31, 2015, to reflect actual balances as of December 31, 2015.	\$1,258	\$6,106	\$1,626	\$9,640	\$1,220	(\$314)	\$6,106		
34	3.09	Pro Forma 2016 Limited Capital Additions	Reflects increases related to certain 2016 capital additions, together with associated A/D and ADFIT. This adjustment also includes associated depreciation expense for these 2016 additions. This adjustment includes only identified Pro Forma projects that are one-half of one percent of the Company's rate base, representing a threshold for choosing specific capital projects to include within the modified test year Pro Forma Study.	\$2,440	\$18,120	\$837	\$7,488	\$593	\$77	\$6,128		
35	3.10	Pro Forma O&M Offsets	For the specific 2016 capital projects included in Pro Forma 2016 Limited Capital Additions adjustment (3.09) above, maintenance records were reviewed to determine whether any specific maintenance costs were incurred in the test period that would be reduced or eliminated by the investment for that capital project. Those reductions in costs were quantified and included as a reduction to O&M.	(\$59)	\$0	(\$36)	\$0	(\$59)	\$36			
			Rounding (immaterial)					\$3	\$2			
								(\$5,241)	\$23,151	#####		

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	#			Rev. Req.	Rate Base	Rev. Req.	Rate Base	Rev. Req.	NOI	Rate Base	Rev. Req.	Rate Base
				\$'s in Thousands		\$'s in Thousands		\$'s in Thousands			\$'s in Thousands	
2017 CROSS CHECK STUDY												
The following adjustments begin the 2017 Cross Check adjustments included by the Company to include additional expenses and plant additions beyond the Pro Forma Study identified by the Company that are expected during the 2017 rate year.												
36	4.00	Cross Check Labor Non-Exec	Reflects the additional 2017 non-union labor increases expected in March 2017, excluded from Adjustment 3.02 "Pro Forma Labor Non-Exec."	\$174	\$0	\$0	\$0	NWIGU opposes the inclusion of cross-check adjustments in the Traditional revenue requirement methodology				
37	4.01	Cross Check Capital Additions 2016 AMA	Reflects the additional 2016 capital additions beyond that included in adjustment (3.09) "Pro Forma 2016 Limited Capital Additions," discussed above, including associated depreciation expenses, A/D and ADFIT. This adjustment also adjusts total plant and associated A/D and ADFIT to calendar 2016 on an AMA basis.	\$1,696	\$1,383	\$0	\$0					
38	4.02	Cross Check Capital Additions 2017 AMA	Reflects the additional 2017 capital additions together with the associated A/D and ADFIT for 2017 on an AMA basis. This adjustment also includes associated depreciation expense for these 2017 additions. In addition, this adjustment adjusts total plant and associated A/D and ADFIT for 2016 to calendar year 2017 on an AMA basis.	\$2,717	\$8,956	\$0	\$0					
39	4.03	Cross Check 2017 AMI Capital & Expense	Reflects the 2017 plant-in-service, and associated A/D and ADFIT on an AMA basis related to the Company's planned investment in its Advanced Metering Infrastructure (AMI) project. This adjustment also includes the associated depreciation expense for the 2017 AMI additions	\$2,176	\$9,003	\$0	\$0					
40	4.04	Cross Check Information Tech/Serv Expense	Includes the incremental costs associated with software development, application licenses, maintenance fees, and technical support for a range of information services programs.	\$481	\$0	\$0	\$0					
41	4.05	Cross Check Insurance Expense	Adjusts actual test period insurance expense related to the utility for general liability, directors and officers ("D&O") liability, and property to reflect the expected 2017 level of insurance.	\$23	\$0	\$0	\$0					

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1				\$'s in Thousands		\$'s in Thousands		\$'s in Thousands			\$'s in Thousands	
42	4.06	Cross Check Property Tax Expense	Restates the pro forma level of property tax expense included in Pro Forma Property Tax Adjustment (3.04), to property tax levels expected during the 2017 rate period, based on property values expected as of December 31, 2016.	\$270	\$0	\$0	\$0					
43	4.07	Reconcile 2017 Cross Check to Attrition	Represents the difference between the 2017 Cross Check Study and the Attrition Study.	(\$1,990)	(\$7,520)	\$0	\$0					
44	4.08	Staff Proposed Attrition Allowance	Represents the difference between Staff's attrition studies and Staff's modified historical test year.			\$5,478	\$18,730					
			Rounding (immaterial)	\$6		\$2						
45			Revenue Requirement	\$4,397	\$298,315	\$2,143	\$298,125					
2018 CROSS CHECK STUDY												
46			The following adjustments begin the 2018 Cross Check adjustments included by the Company to include additional expenses and plant additions beyond the 2017 Cross Check Study identified by the Company for the (Jan-Jun) 2018 rate period.									
47	18.01	Cross Check Labor Non-Exec	Reflects the incremental labor expense associated with the March 2018 union and non-union labor increase expected for the period March 1 – through June 30, 2018.	\$242	\$0	\$0	\$0					
48	18.02	Cross Check Regulatory Amortizations	Reduces regulatory amortization expense to reflect expiration of the two-year (2016-2017) 2015 Project Compass amortization at the end of 2017, removing 6-months of the amortization expense during the 6-month period ending June 30, 2018. (See related adjustments (2.15) and (3.07) above.)	(\$566)	\$0	\$0	\$0					
49	18.03	Cross Check Insurance Expense	Adjusts 2017 insurance expense levels related to the utility for general liability, D&O liability, and property included in Adjustment 4.05 "Cross Check Insurance Expense," reflecting the incremental 6-month January through June 2018 level of insurance expense. This adjustment excludes the 10% portion of D&O insurance associated with non-utility.	\$20	\$0	\$0	\$0					
50	18.04	Cross Check Information Tech/Service Expense	Includes the incremental costs associated with software development, application licenses, maintenance fees, and technical support for a range of information services programs beyond 2017 for the period January through June 2018.	\$107	\$0	\$0	\$0					
51	18.05	Cross Check Planned Capital Additions 2018 AMA	Reflects the additional 2018 capital additions together with the associated A/D and ADFIT for the 6-month period January through June 2018, on an AMA basis. This adjustment also includes associated depreciation expense for the incremental 6-month period January to June 2018 on these capital additions. In addition, this adjustment adjusts total plant and associated A/D and ADFIT for 2017 AMA to January to June 2018 AMA.	\$648	(\$2,036)	\$0	\$0					

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52	18.06	Cross Check 2018 AMI Capital & Expense	Reflects the January through June of 2018 plant-in-service additions, and associated A/D and ADFIT on an AMA basis related to the Company's planned investment in its Advanced Metering Infrastructure (AMI) project for this incremental 6-month period. This adjustment also includes the associated depreciation expense for these additions.	\$1,744	\$7,649	\$0	\$0					
53	18.07	Reconcile 2018 Cross Check to Attrition	Represents the difference between the 2018 Cross Check Study and the Attrition Study.	(\$1,253)	(\$1,069)	\$0	\$0					
54			Rounding (immaterial)	(\$1)								
55			Revenue Requirement	\$ 5,338	\$ 302,859	\$ 2,143	\$ 298,125					
56			Incremental 2018 Attrition/Cross Check Total	\$ 941	\$ 4,544	\$ -	\$ -					
57												
58				AVISTA		COMMISSION STAFF		NWIGU			THE ENERGY PROJECT	
59												
60			COST OF CAPITAL									
61			Cost of Capital - Return on Equity		9.90%		9.20%					NWIGU Supports ICNU and Staff
62			Cost of Capital - Cost of Debt		5.51%		5.51%					NWIGU Supports ICNU and Staff
63			Cost of Capital - Capital Structure		48.5		48.5					NWIGU Supports ICNU and Staff
64			Rate of Return		7.64%		7.30%					NWIGU Supports ICNU and Staff
65												
66												

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67		COST OF SERVICE/RATE SPREAD/RATE DESIGN										
68		Rate Spread		25% Movement towards Unity		Uniform % Rate increase across all schedules		Make corrections to cost of service study and move classes closer to unity, which results in an increase to Schedule 101 rates				
69		Rate Design - Schedule 101		<ul style="list-style-type: none"> Basic Charge to \$9.50/month in 2017, no change 2018 Uniform percentage to Blocks 1 and 2 		No Change to Basic Charges Support Company Proposed Changes to Minimum Charges and Demand Charges		Increase Schedule 101 to 1.5 times system average				
70		Rate Design - Schedule 111		<ul style="list-style-type: none"> Increase Minimum Charge based on Schedule 101 Basic & Volumetric Changes in 2017 and 2018 Reduce Volumetric Rates for net 0.0% to the schedule 				Maintained at current level based on corrected cost of service study.				
71		Rate Design - Schedule 121		<ul style="list-style-type: none"> Increase Minimum Charge based on Schedule 101 Basic & Volumetric Changes in 2017 and 2018 Reduce Volumetric Rates for net 0.0% to the schedule 				Maintained at current level based on corrected cost of service study.				
72		Rate Design - Schedule 131		<ul style="list-style-type: none"> Uniform percentage to the first three blocks 				Maintained at current level based on corrected cost of service study.				
73		Rate Design - Schedule 146		<ul style="list-style-type: none"> Increase Minimum Demand from \$525 to \$550 Remaining to blocks on uniform percentage basis 				Maintained at current level based on corrected cost of service study.				
74		OTHER ISSUES										
75		Generic Cost of Service Proceeding				Implement a Generic Cost of Service Proceeding to review and evaluate numerous issues on cost of service methodology in Washington						
76		Multiple rate increases		Yes		No						

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1				\$'s in Thousands		\$'s in Thousands		\$'s in Thousands			\$'s in Thousands		
77		Advance Metering Infrastructure Proposal											
78		(A) Public Counsel Column includes positions for which Public Counsel is Neutral in its Direct Testimony. For items that parties are neutral in direct, parties may adopt, support, or oppose other parties' positions and develop a recommendation in later stages of this proceeding, including on brief. This issues list does not include positions that may be taken in rebuttal or cross-answering testimony.											

NWIGU other rate design issue--
 Create new transportation rate
 schedule with 35,000 therm per year
 minimum threshold.