

**Exh. CSH-2r**  
**Dockets UE-170485/UG-170486**  
**Witness: Christopher S. Hancock**

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**AVISTA CORPORATION d/b/a  
AVISTA UTILITIES,**

**Respondent.**

**DOCKETS UE-170485 and  
UG-170486 (*Consolidated*)**

**REVISED EXHIBIT TO  
TESTIMONY OF**

**Christopher S. Hancock**

**STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

*Calculation of Year Two and Year Three Revenue Increases - Electric*

**October 27, 2017**

*Revised November 6, 2017*

Avista Utilities  
Washington Electric  
Escalation of Modified Historical Test Year  
Twelve Months Ended December 31, 2016  
Thousands of Dollars

Line No.	DESCRIPTION Adjustment Number Reference	Non-Energy EOP Pro Forma Sub-Total PF-SubTtl JH-2	REMOVED Isolate Year-1 Escalation Base JH-2	REVISED Remove Authorized Power Supply E-APS (EMA WP)	REVISED Isolate Year 1 Escalation Base
<b>REVENUES</b>					
1	Total General Business	\$ 491,188		\$ (92,915)	
2	Interdepartmental Sales	\$ 946		\$ -	
3	Sales for Resale	\$ 57,325		\$ (57,325)	
4	Total Sales of Electricity	\$ 549,459		\$ (150,240)	
5	Other Revenue	\$ 13,300		\$ (10,225)	
6	Total Electric Revenue	\$ 562,759		\$ (160,465)	
<b>EXPENSES</b>					
Production and Transmission					
7	Operating Expenses	\$ 135,745	\$ <del>135,745</del>	\$ (78,962)	\$ 56,783
8	Purchased Power	\$ 77,131		\$ (77,131)	
9	Depreciation/Amortization	\$ 26,677	\$ <del>26,677</del>	\$ -	\$ 26,677
10	Regulatory Amortization	\$ 3,312		\$ -	
11	Taxes	\$ 15,458	\$ <del>15,458</del>	\$ -	\$ 15,458
12	Total Production & Transmission	\$ 258,323		\$ (156,093)	
Distribution					
13	Operating Expenses	\$ 22,477	\$ <del>22,477</del>	\$ -	\$ 22,477
14	Depreciation/Amortization	\$ 28,055	\$ <del>28,055</del>	\$ -	\$ 28,055
15	Regulatory Amortization	\$ -	\$ -	\$ -	\$ -
16	Taxes	\$ 27,087	\$ <del>27,087</del>	\$ (3,575)	\$ 23,512
17	Total Distribution	\$ 77,619		\$ (3,575)	
18	Customer Accounting	\$ 13,092	\$ <del>13,092</del>	\$ (611)	\$ 12,481
19	Customer Service & Information	\$ 1,430	\$ <del>1,430</del>	\$ -	\$ 1,430
20	Sales Expenses	\$ -	\$ -	\$ -	\$ -
Administrative & General					
21	Operating Expenses	\$ 50,492	\$ <del>50,492</del>	\$ (186)	\$ 50,306
22	Depreciation/Amortization	\$ 24,506	\$ <del>24,506</del>	\$ -	\$ 24,506
23	Taxes	\$ -	\$ -	\$ -	\$ -
24	Total Admin. & General	\$ 74,998		\$ (186)	
25	Total Electric Expenses	\$ 425,462		\$ (160,465)	
26	OPERATING INCOME BEFORE FIT	\$ 137,297		\$ 0	
FEDERAL INCOME TAX					
27	Current Accrual	\$ (31,536)		\$ 0	
28	Debt Interest	\$ (649)		\$ -	
29	Deferred Income Taxes	\$ 67,191		\$ -	
30	Amortized ITC - Noxon	\$ (326)		\$ -	
31	NET OPERATING INCOME	\$ 102,617		\$ 0	
RATE BASE					
PLANT IN SERVICE					
32	Intangible	\$ 163,234		\$ -	
33	Production	\$ 874,076		\$ -	
34	Transmission	\$ 446,138		\$ -	
35	Distribution	\$ 1,013,933		\$ -	
36	General	\$ 242,579		\$ -	
37	Total Plant in Service	\$ 2,739,960		\$ -	
ACCUMULATED DEPRECIATION/AMORT					
38	Intangible	\$ (84,313)		\$ -	
39	Production	\$ (347,038)		\$ -	
40	Transmission	\$ (136,127)		\$ -	
41	Distribution	\$ (305,178)		\$ -	
42	General	\$ (83,644)		\$ -	
43	Total Accumulated Depreciation	\$ (906,300)		\$ -	
44	NET PLANT	\$ 1,833,660		\$ -	
45	DEFERRED TAXES	\$ (379,586)		\$ -	
46	Net Plant After DFIT	\$ 1,454,074	\$ <del>139,256</del>	\$ -	\$ 139,256
47	DEFERRED DEBITS AND CREDITS & OTHER	\$ (778)		\$ -	
48	WORKING CAPITAL	\$ 58,202		\$ -	
49	TOTAL RATE BASE	\$ 1,511,498		\$ -	
50	RATE OF RETURN				
51	REVENUE REQUIREMENT	\$ 10,034	\$ <del>10,034</del>	\$ -	\$ 10,034

REMOVED Calculation of Year Two and Year Three Revenue Increases				
Year One Escalation Base	multiplied by	Composite Revenue Escalator	equals	Year Two Revenue Increase
\$ -494,309	x	2.32%	=	\$ -11,450
Year Two Escalation Base	multiplied by	Composite Revenue Escalator	equals	Year Three Revenue Increase
\$ -505,760	x	2.22%	=	\$ -11,716

REVISED Calculation of Year Two and Year Three Revenue Increases				
Year One Escalation Base	multiplied by	Composite Revenue Escalator	equals	Year Two Revenue Increase
\$ 410,975	x	2.32%	=	\$ 9,520
Year Two Escalation Base	multiplied by	Composite Revenue Escalator	equals	Year Three Revenue Increase
\$ 420,495	x	2.32%	=	\$ 9,740

\* Note: Line 46 figure in "Isolate Escalation Base" column is the after-tax return on net plant.