

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-170485

DOCKET NO. UG-170486

EXH. EMA-12

ELIZABETH M. ANDREWS

REPRESENTING AVISTA CORPORATION

AVISTA UTILITIES  
WASHINGTON NATURAL GAS  
INCLUDING 2017 THRESHOLD CAPITAL & ADJUSTED CAPITAL STRUCTURE  
TWELVE MONTHS ENDED DECEMBER 31, 2016  
(000'S OF DOLLARS)

		May 1, 2018				
Line No.	DESCRIPTION	WITH PRESENT RATES			WITH 05.2018 PROPOSED RATES	
		Actual Per Results Report	Total Adjustments	05.2018 Adjusted Total (1)	Proposed Revenues & Related Exp	2018 Proposed Total
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
REVENUES						
1	Total General Business	\$146,098	\$ (61,799)	\$84,299	\$6,630	\$90,929
2	Total Transportation	4,595	(62)	\$4,533		4,533
3	Other Revenues	69,723	(69,479)	\$244		244
4	Total Gas Revenues	220,416	(131,340)	89,076	6,630	95,706
EXPENSES						
Production Expenses						
5	City Gate Purchases	112,605	(112,605)	-		-
6	Purchased Gas Expense	988	31	1,019		1,019
7	Net Nat Gas Storage Trans	2,932	(2,932)	-		-
8	Total Production	116,525	(115,506)	1,019	-	1,019
Underground Storage						
9	Operating Expenses	974	-	974		974
10	Depreciation	492	32	524		524
11	Taxes	210	39	249		249
12	Total Underground Storage	1,676	71	1,747	-	1,747
Distribution						
13	Operating Expenses	12,049	644	12,693		12,693
14	Depreciation	9,866	687	10,553		10,553
15	Taxes	12,807	(6,700)	6,107	254	6,361
16	Total Distribution	34,722	(5,369)	29,353	254	29,607
17	Customer Accounting	7,352	(573)	6,779	41	6,820
18	Customer Service & Information	7,595	(6,618)	977		977
19	Sales Expenses	-	-	-		-
Administrative & General						
20	Operating Expenses	13,763	(144)	13,619	13	13,632
21	Depreciation/Amortization	6,260	1,303	7,563		7,563
22	Regulatory Amortizations	-	584	584		584
23	Taxes	-	-	-		-
24	Total Admin. & General	20,023	1,743	21,766	13	21,779
25	Total Gas Expense	187,893	(126,252)	61,641	308	61,949
26	OPERATING INCOME BEFORE FIT	32,523	(5,088)	27,435	6,322	33,757
FEDERAL INCOME TAX						
27	Current Accrual	(841)	(1,872)	(2,713)	2,213	(500)
28	Debt Interest	-	(293)	(293)	-	(293)
29	Deferred FIT	9,923	-	9,923		9,923
30	Amort ITC	(17)	-	(17)		(17)
31	NET OPERATING INCOME	23,458	(2,923)	20,535	4,109	24,644
RATE BASE: PLANT IN SERVICE						
32	Underground Storage	26,868	1,021	27,889		27,889
33	Distribution Plant	390,508	28,948	419,456		419,456
34	General Plant	82,624	13,583	96,207		96,207
35	Total Plant in Service	500,000	43,552	543,552	-	543,552
ACCUMULATED DEPREC/AMORT						
36	Underground Storage	(10,317)	(163)	(10,480)		(10,480)
37	Distribution Plant	(129,098)	(3,834)	(132,932)		(132,932)
38	General Plant	(23,473)	(1,887)	(25,360)		(25,360)
39	Total Accum. Depreciation/Amort.	(162,888)	(5,884)	(168,772)	-	(168,772)
40	NET PLANT	337,112	37,668	374,780	-	374,780
41	DEFERRED FIT	(73,856)	(7,345)	(81,201)		(81,201)
42	Net Plant After DFIT	263,256	30,323	293,579	-	293,579
43	GAS INVENTORY	9,116	-	9,116		9,116
44	GAIN ON SALE OF BUILDING	-	-	-		-
45	OTHER	(249)	1,474	1,225		1,225
46	WORKING CAPITAL	15,664	(2,007)	13,657		13,657
47	TOTAL RATE BASE	287,787	28,316	317,577	0	317,577
48	RATE OF RETURN	8.15%		6.47%		7.76%

**AVISTA UTILITIES**  
**CALCULATION OF REQUESTED GENERAL REVENUE REQUIREMENT**  
**WASHINGTON NATURAL GAS**  
**TWELVE MONTHS ENDED DECEMBER 31, 2016**

Line No.	Description	May 1, 2018
		(000's of Dollars)
1	Pro Forma Rate Base	\$ 317,577
2	Proposed Rate of Return	<u>7.76%</u>
3	Net Operating Income Requirement	\$24,644
4	Pro Forma Net Operating Income	<u>\$ 20,535</u>
5	Net Operating Income Deficiency	\$4,109
6	Conversion Factor	0.619798
7	Revenue Requirement - 2016	<b>\$6,630</b>
8	Total Base Distribution Revenues*	\$ 88,831
9	Percentage Base Distribution Revenue Increase	<u><u>7.46%</u></u>
10	Total Present Billed Revenue	\$ 152,089
11	Percentage Billed Revenue Increase	<u><u>4.36%</u></u>

\* Line 8 "Total General Business Revenues" includes special contract transportation revenues.

<b>K-Factor Rate Adjustment for Rate Years 2 &amp; 3 (5/1/2019 &amp; 5/1/2020)</b>			
12	<b>K-Factor %</b>	<b>4.14%</b>	per Exh. EMA-14, pg 1.
13	<b>Delivery Related Revenues 5/1/2018</b> ( $\$82,493 + \$8,269 = \$90,762$ )	<u>\$ 89,123</u>	
		<b>Incremental Revenue</b>	<b>Incremental % (Base)</b>
14	<b>Rate Year 2: 5/1/2019 - 4/30/2020</b>	<u>\$ 3,690</u>	3.87%
		<b>Incremental % (Billed)</b>	
15	<b>Delivery Related Revenues 5/1/2019</b> ( $\$90,762 + \$4,220 = \$94,982$ )	<u>\$ 92,813</u>	
16	<b>Rate Year 3: 5/1/2020 - 4/30/2021</b>	<u>\$ 3,842</u>	3.88%
		<u>\$ 82,493</u>	
	* Current Delivery Related Revenues per Exh. EMA-14, pg 2. 5/1/2018 Proposed Revenue Increase from line 7	<u>\$6,630</u>	

**AVISTA UTILITIES  
PROPOSED COST OF CAPITAL  
WASHINGTON NATURAL GAS**

<b>Proposed Capital Structure*</b>			
<b>Component</b>	<b>Capital Structure</b>	<b>Cost</b>	<b>Weighted Cost</b>
Total Debt	50.0%	5.62%	2.81%
Common Equity	50.0%	9.90%	4.95%
<b>Total</b>	<b>100.00%</b>		<b>7.76%</b>

\* Based on rate year estimated capital structure and cost of debt.

**AVISTA UTILITIES  
REVENUE CONVERSION FACTOR  
WASHINGTON NATURAL GAS  
TWELVE MONTHS ENDED DECEMBER 31, 2016**

<u>Line No.</u>	<u>Description</u>	<u>Factor</u>	<i>FILED</i>
1	<b>Revenues</b>	1.000000	
	<b>Expense:</b>		
2	Uncollectibles	0.006183	0.004827
3	Commission Fees	0.002000	
4	Washington Excise Tax	0.038282	0.038334
6	Total Expense	<u>0.046465</u>	
7	Net Operating Income Before FIT	0.953535	
8	Federal Income Tax @ 35%	0.333737	
9	REVENUE CONVERSION FACTOR	0.619798	

(1) Revised to reflect Uncollectible correction as provided in Avista's response to Staff\_DR\_034 -Attachment A (page 9 of 9). The effective Uncollectible rate is also a component within the calculation of the Washington Excise Tax Rate.

AVISTA UTILITIES

WASHINGTON NATURAL GAS

INCLUDING 2017 THRESHOLD CAPITAL & ADJUSTED CAPITAL STRUCTURE

TWELVE MONTHS ENDED DECEMBER 31, 2016

(000'S OF DOLLARS)

**RESTATEMENT ADJUSTMENTS**

Line No.	DESCRIPTION	ACTUAL RESULTS		Accept in Part / Contest in Part			Updated / Accepted by Staff	Updated / Accepted by Staff	Regulatory Expense	Injuries & Damages	FIT / DFIT Expense	Office Space Charges to Subs
		Per Results Report	Deferred FIT Rate Base	Deferred Debits and Credits	Working Capital	Eliminate B & O Taxes	2.02	2.03				
		1.00	1.01	1.02	1.03	2.01	2.02	2.03	2.04	2.05	2.06	2.07
		G-ROO	G-DFIT	G-DDC	G-WC	G-EBO	G-RPT	G-UE	G-RE	G-ID	G-FIT	G-OSC
	Adjustment Number											
	Workpaper Reference											
	REVENUES											
1	Total General Business	\$ 146,098	\$ -	\$ -	\$ -	\$ (5,097)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Total Transportation	4,595	-	-	-	(118)	-	-	-	-	-	-
3	Other Revenues	69,723	-	-	-	-	-	-	-	-	-	-
4	Total Gas Revenues	220,416	-	-	-	(5,215)	-	-	-	-	-	-
	EXPENSES											
	Production Expenses											
5	City Gate Purchases	112,605	-	-	-	-	-	-	-	-	-	-
6	Purchased Gas Expense	988	-	-	-	-	-	-	-	-	-	-
7	Net Nat Gas Storage Trans	2,932	-	-	-	-	-	-	-	-	-	-
8	Total Production	116,525	-	-	-	-	-	-	-	-	-	-
	Underground Storage											
9	Operating Expenses	974	-	-	-	-	-	-	-	-	-	-
10	Depreciation/Amortization	492	-	-	-	-	-	-	-	-	-	-
11	Taxes	210	-	-	-	-	-	-	-	-	-	-
12	Total Underground Storage	1,676	-	-	-	-	-	-	-	-	-	-
	Distribution											
13	Operating Expenses	12,049	-	-	-	-	-	-	-	-	-	-
14	Depreciation/Amortization	9,866	-	-	-	-	-	-	-	-	-	-
15	Taxes	12,807	-	-	-	(5,183)	259	-	-	-	-	-
16	Total Distribution	34,722	-	-	-	(5,183)	259	-	-	-	-	-
17	Customer Accounting	7,352	-	2	-	-	-	(386)	-	-	-	-
18	Customer Service & Information	7,595	-	-	-	-	-	-	-	-	-	-
19	Sales Expenses	-	-	-	-	-	-	-	-	-	-	-
	Administrative & General											
20	Operating Expenses	13,763	-	-	-	-	-	-	(3)	76	-	(9)
21	Depreciation/Amortization	6,260	-	-	-	-	-	-	-	-	-	-
22	Regulatory Amortizations	-	-	-	-	-	-	-	-	-	-	-
23	Taxes	-	-	-	-	-	-	-	-	-	-	-
24	Total Admin. & General	20,023	-	-	-	-	-	-	(3)	76	-	(9)
25	Total Gas Expense	187,893	-	2	-	(5,183)	259	(386)	(3)	76	-	(9)
26	OPERATING INCOME BEFORE FIT	32,523	-	(2)	-	(32)	(259)	386	3	(76)	-	9
	FEDERAL INCOME TAX											
27	Current Accrual	(841)	-	(1)	-	(11)	(91)	135	1	(27)	-	3
28	Debt Interest	-	3	-	20	-	-	-	-	-	-	-
29	Deferred FIT	9,923	-	-	-	-	-	-	-	-	-	-
30	Amort ITC	(17)	-	-	-	-	-	-	-	-	-	-
31	NET OPERATING INCOME	\$ 23,458	\$ (3)	\$ (1)	\$ (20)	\$ (21)	\$ (168)	\$ 251	\$ 2	\$ (49)	\$ -	\$ 6
	RATE BASE											
	PLANT IN SERVICE											
32	Underground Storage	\$ 26,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Distribution Plant	390,508	-	-	-	-	-	-	-	-	-	-
34	General Plant	82,624	-	-	-	-	-	-	-	-	-	-
35	Total Plant in Service	500,000	-	-	-	-	-	-	-	-	-	-
	ACCUMULATED DEPRECIATION/AMORT											
36	Underground Storage	(10,317)	-	-	-	-	-	-	-	-	-	-
37	Distribution Plant	(129,098)	-	-	-	-	-	-	-	-	-	-
38	General Plant	(23,473)	-	-	-	-	-	-	-	-	-	-
39	Total Accumulated Depreciation/Amortization	(162,888)	-	-	-	-	-	-	-	-	-	-
40	NET PLANT	337,112	-	-	-	-	-	-	-	-	-	-
41	DEFERRED TAXES	(73,856)	(325)	-	-	-	-	-	-	-	-	-
42	Net Plant After DFIT	263,256	(325)	-	-	-	-	-	-	-	-	-
43	GAS INVENTORY	9,116	-	-	-	-	-	-	-	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-	-	-	-	-
45	OTHER	(249)	-	-	-	-	-	-	-	-	-	-
46	WORKING CAPITAL	15,664	-	-	(2,007)	-	-	-	-	-	-	-
47	TOTAL RATE BASE	\$ 287,787	\$ (325)	\$ -	\$ (2,007)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
48	RATE OF RETURN	8.15%										
50	REVENUE REQUIREMENT	-1,816	-36	2	-219	34	272	-405	-3	80	0	-9

AVISTA UTILITIES  
 WASHINGTON NATURAL GAS  
 INCLUDING 2017 THRESHOLD CAPITAL & ADJUSTED  
 TWELVE MONTHS ENDED DECEMBER 31, 2016  
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	CF*		CF*			Project Compass Deferral	Accept Staff's Adjustment	Flow Thru impact of cost of debt / capital structure	Accept Staff Rate Base / Contest Depr Exp	Restated TOTAL
		Restate Excise Taxes	Net Gains & Losses	Weather Normalization / Gas Cost Adjust	Eliminate Adder Schedules	Misc. Restating Non-Util / Non-Recurring Expenses		Restating Incentives	Restate Debt Interest	Restate 2016 AMA Rate Base to EOP	
		2.08	2.09	2.10	2.11	2.12	2.13	2.14	2.15	2.16 NEW	
		G-RET	G-NGL	G-WNGC	G-EAS	G-MR	G-CD	G-RI	G-DI	G-EOPCAP16	R-Ttl
	Adjustment Number										
	Workpaper Reference										
	REVENUES										
1	Total General Business	\$ -	\$ -	\$ 11,209	\$ (1,240)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,970
2	Total Transportation	-	-	-	-	-	-	-	-	-	4,477
3	Other Revenues	-	-	(5,427)	(63,276)	-	-	-	-	-	1,020
4	Total Gas Revenues	-	-	5,782	(64,516)	-	-	-	-	-	156,467
	EXPENSES										
	Production Expenses										
5	City Gate Purchases	-	-	5,274	(54,419)	-	-	-	-	-	63,460
6	Purchased Gas Expense	-	-	6	-	-	-	-	-	-	994
7	Net Nat Gas Storage Trans	-	-	-	(2,932)	-	-	-	-	-	-
8	Total Production	-	-	5,280	(57,351)	-	-	-	-	-	64,454
	Underground Storage										
9	Operating Expenses	-	-	-	-	-	-	-	-	-	974
10	Depreciation/Amortization	-	-	-	-	-	-	-	-	20	512
11	Taxes	-	-	-	-	-	-	-	-	-	210
12	Total Underground Storage	-	-	-	-	-	-	-	-	20	1,696
	Distribution										
13	Operating Expenses	-	-	-	-	1	-	-	-	-	12,050
14	Depreciation/Amortization	-	(13)	-	-	-	-	-	-	426	10,279
15	Taxes	2	-	429	(47)	-	-	-	-	-	8,267
16	Total Distribution	2	(13)	429	(47)	1	-	-	-	426	30,596
17	Customer Accounting	-	-	69	(8)	-	-	-	-	-	7,029
18	Customer Service & Information	-	-	-	(6,632)	-	-	-	-	-	963
19	Sales Expenses	-	-	-	-	-	-	-	-	-	-
	Administrative & General										
20	Operating Expenses	-	-	22	(2)	(316)	-	(167)	-	-	13,364
21	Depreciation/Amortization	-	-	-	-	-	-	-	-	285	6,545
22	Regulatory Amortizations	-	-	-	-	-	1,079	-	-	-	1,079
23	Taxes	-	-	-	-	-	-	-	-	-	-
24	Total Admin. & General	-	-	22	(2)	(316)	1,079	(167)	-	285	20,988
25	Total Gas Expense	2	(13)	5,800	(64,040)	(315)	1,079	(167)	-	731	125,726
26	OPERATING INCOME BEFORE FIT	(2)	13	(18)	(476)	315	(1,079)	167	-	(731)	30,741
	FEDERAL INCOME TAX										
27	Current Accrual	(1)	5	(6)	(167)	110	(378)	58	(91)	(256)	(1,556)
28	Debt Interest	-	-	-	-	-	-	-	-	(139)	(116)
29	Deferred FIT	-	-	-	-	-	-	-	-	-	9,923
30	Amort ITC	-	-	-	-	-	-	-	-	-	(17)
31	NET OPERATING INCOME	\$ (1)	\$ 8	\$ (12)	\$ (309)	\$ 205	\$ (701)	\$ 109	\$ 91	\$ (336)	\$ 22,507
	RATE BASE										
	PLANT IN SERVICE										
32	Underground Storage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	275	\$ 27,143
33	Distribution Plant	-	-	-	-	-	-	-	-	18,072	408,580
34	General Plant	-	-	-	-	-	-	-	-	4,238	86,862
35	Total Plant in Service	-	-	-	-	-	-	-	-	22,585	522,585
	ACCUMULATED DEPRECIATION/AMORT										
36	Underground Storage	-	-	-	-	-	-	-	-	(155)	(10,472)
37	Distribution Plant	-	-	-	-	-	-	-	-	(3,730)	(132,828)
38	General Plant	-	-	-	-	-	-	-	-	(1,393)	(24,866)
39	Total Accumulated Depreciation/Amortization	-	-	-	-	-	-	-	-	(5,278)	(168,166)
40	NET PLANT	-	-	-	-	-	-	-	-	17,307	354,419
41	DEFERRED TAXES	-	-	-	(3,147)	-	-	-	-	-	(77,328)
42	Net Plant After DFTT	-	-	-	-	-	-	-	-	14,160	277,091
43	GAS INVENTORY	-	-	-	-	-	-	-	-	-	9,116
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-	-	-	-
45	OTHER	-	-	-	-	-	-	-	-	-	(249)
46	WORKING CAPITAL	-	-	-	-	-	-	-	-	-	13,657
47	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	14,160	\$ 299,615
48	RATE OF RETURN										(1)
50	REVENUE REQUIREMENT	2	-14	19	499	-330	1,132	-175	-147	2,315	1,199

AVISTA UTILITIES  
 WASHINGTON NATURAL GAS  
 INCLUDING 2017 THRESHOLD CAPITAL & ADJUSTED  
 TWELVE MONTHS ENDED DECEMBER 31, 2016  
 (000'S OF DOLLARS)

**PRO FORMA ADJUSTMENTS**

Line No.	DESCRIPTION	CF*				Staff Removed Accept	Updated / Accepted by Staff	CF*	
		Pro Forma Atmospheric Testing & Leak Survey	Pro Forma Labor Non-Exec	Pro Forma Labor Exec	Pro Forma Employee Benefits	Pro Forma Incentive Adjustment	Pro Forma Property Tax	Pro Forma IS/IT Expense	Pro Forma Revenue Normalization
		3.01	3.02	3.03	3.04	3.05	3.06	3.07	3.08
		G-PAT	G-PLN	G-PLE	G-PEB	G-PI	G-PPT	G-PIS	G-PREV
	Adjustment Number								
	Workpaper Reference								
	REVENUES								
1	Total General Business	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (66,671)
2	Total Transportation	-	-	-	-	-	-	-	56
3	Other Revenues	-	-	-	-	-	-	-	(776)
4	Total Gas Revenues	-	-	-	-	-	-	-	(67,391)
	EXPENSES								
	Production Expenses								
5	City Gate Purchases	-	-	-	-	-	-	-	(63,460)
6	Purchased Gas Expense	-	31	-	(6)	-	-	-	-
7	Net Nat Gas Storage Trans	-	-	-	-	-	-	-	-
8	Total Production	-	31	-	(6)	-	-	-	(63,460)
	Underground Storage								
9	Operating Expenses	-	-	-	-	-	-	-	-
10	Depreciation/Amortization	-	-	-	-	-	-	-	-
11	Taxes	-	-	-	-	-	39	-	-
12	Total Underground Storage	-	-	-	-	-	39	-	-
	Distribution								
13	Operating Expenses	348	371	-	(76)	-	-	-	-
14	Depreciation/Amortization	-	-	-	-	-	-	-	-
15	Taxes	-	-	-	-	-	390	-	(2,550)
16	Total Distribution	348	371	-	(76)	-	390	-	(2,550)
17	Customer Accounting	-	203	-	(41)	-	-	-	(412)
18	Customer Service & Information	-	18	-	(4)	-	-	-	-
19	Sales Expenses	-	-	-	-	-	-	-	-
	Administrative & General								
20	Operating Expenses	-	251	(10)	(49)	-	-	201	(133)
21	Depreciation/Amortization	-	-	-	-	-	-	-	-
22	Regulatory Amortizations	-	-	-	-	-	-	-	-
23	Taxes	-	-	-	-	-	-	-	-
24	Total Admin. & General	-	251	(10)	(49)	-	-	201	(133)
25	Total Gas Expense	348	874	(10)	(176)	-	429	201	(66,555)
26	OPERATING INCOME BEFORE FIT	(348)	(874)	10	176	-	(429)	(201)	(836)
	FEDERAL INCOME TAX								
27	Current Accrual	(122)	(306)	4	62	-	(150)	(70)	(293)
28	Debt Interest	-	-	-	-	-	-	-	-
29	Deferred FIT	-	-	-	-	-	-	-	-
30	Amort ITC	-	-	-	-	-	-	-	-
31	NET OPERATING INCOME	\$ (226)	\$ (568)	\$ 7	\$ 114	\$ -	\$ (279)	\$ (131)	\$ (543)
	RATE BASE								
	PLANT IN SERVICE								
32	Underground Storage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Distribution Plant	-	-	-	-	-	-	-	-
34	General Plant	-	-	-	-	-	-	-	-
35	Total Plant in Service	-	-	-	-	-	-	-	-
	ACCUMULATED DEPRECIATION/AMORT								
36	Underground Storage	-	-	-	-	-	-	-	-
37	Distribution Plant	-	-	-	-	-	-	-	-
38	General Plant	-	-	-	-	-	-	-	-
39	Total Accumulated Depreciation/Amortization	-	-	-	-	-	-	-	-
40	NET PLANT	-	-	-	-	-	-	-	-
41	DEFERRED TAXES	-	-	-	-	-	-	-	-
42	Net Plant After DFTT	-	-	-	-	-	-	-	-
43	GAS INVENTORY	-	-	-	-	-	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-	-
45	OTHER	-	-	-	-	-	-	-	-
46	WORKING CAPITAL	-	-	-	-	-	-	-	-
47	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
48	RATE OF RETURN								
50	REVENUE REQUIREMENT	365	917	-10	-185	0	450	211	877



AVISTA UTILITIES  
 WASHINGTON NATURAL GAS  
 INCLUDING 2017 THRESHOLD CAPITAL & ADJUSTED  
 TWELVE MONTHS ENDED DECEMBER 31, 2016  
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Updated Threshold - based on Functional Group- actual thru October				Staff Removed Accept		Pro Forma Sub-Total	EOP 2017 Capital Net Plant Adj	EOP Pro Forma Total
		Pro Forma Regulatory Amortization 3.09 G-PRA	Pro Forma 2017 Threshold Capital Adds 3.10 G-PCAP16	Pro Forma O&M Offsets 3.11 G-POFF	Pro Forma Director Fees Expense 3.12 G-PDF	Pro Forma LEAP Deferral Gas Line Ext. 3.13 G-PLEAP	Staff Removed Accept 3.14 G-EOPCAP17			
	Adjustment Number Worksheet Reference									
	REVENUES									
1	Total General Business	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,299	\$ -	\$ 84,299	
2	Total Transportation	-	-	-	-	-	4,533	-	4,533	
3	Other Revenues	-	-	-	-	-	244	-	244	
4	Total Gas Revenues	-	-	-	-	-	89,076	-	89,076	
	EXPENSES									
	Production Expenses									
5	City Gate Purchases	-	-	-	-	-	-	-	-	
6	Purchased Gas Expense	-	-	-	-	-	1,019	-	1,019	
7	Net Nat Gas Storage Trans	-	-	-	-	-	-	-	-	
8	Total Production	-	-	-	-	-	1,019	-	1,019	
	Underground Storage									
9	Operating Expenses	-	-	-	-	-	974	-	974	
10	Depreciation/Amortization	-	12	-	-	-	524	-	524	
11	Taxes	-	-	-	-	-	249	-	249	
12	Total Underground Storage	-	12	-	-	-	1,747	-	1,747	
	Distribution									
13	Operating Expenses	-	-	-	-	-	12,693	-	12,693	
14	Depreciation/Amortization	-	274	-	-	-	10,553	-	10,553	
15	Taxes	-	-	-	-	-	6,107	-	6,107	
16	Total Distribution	-	274	-	-	-	29,353	-	29,353	
17	Customer Accounting	-	-	-	-	-	6,779	-	6,779	
18	Customer Service & Information	-	-	-	-	-	977	-	977	
19	Sales Expenses	-	-	-	-	-	-	-	-	
	Administrative & General									
20	Operating Expenses	-	-	(5)	-	-	13,619	-	13,619	
21	Depreciation/Amortization	-	1,018	-	-	-	7,563	-	7,563	
22	Regulatory Amortizations	(1,079)	-	-	-	584	584	-	584	
23	Taxes	-	-	-	-	-	-	-	-	
24	Total Admin. & General	(1,079)	1,018	(5)	-	584	21,766	-	21,766	
25	Total Gas Expense	(1,079)	1,304	(5)	-	584	61,641	-	61,641	
26	OPERATING INCOME BEFORE FIT	1,079	(1,304)	5	-	(584)	27,435	-	27,435	
	FEDERAL INCOME TAX									
27	Current Accrual	378	(456)	2	-	(204)	(2,713)	-	(2,713)	
28	Debt Interest	-	(162)	-	-	(15)	(293)	-	(293)	
29	Deferred FIT	-	-	-	-	-	9,923	-	9,923	
30	Amort ITC	-	-	-	-	-	(17)	-	(17)	
31	NET OPERATING INCOME	\$ 701	\$ (685)	\$ 3	\$ -	\$ (365)	\$ 20,535	\$ -	\$ 20,535	
	RATE BASE									
	PLANT IN SERVICE									
32	Underground Storage	\$ -	\$ 746	\$ -	\$ -	\$ -	\$ 27,889	\$ -	\$ 27,889	
33	Distribution Plant	-	10,876	-	-	-	419,456	-	419,456	
34	General Plant	-	9,345	-	-	-	96,207	-	96,207	
35	Total Plant in Service	-	20,967	-	-	-	543,552	-	543,552	
	ACCUMULATED DEPRECIATION/AMORT									
36	Underground Storage	-	(8)	-	-	-	(10,480)	-	(10,480)	
37	Distribution Plant	-	(104)	-	-	-	(132,932)	-	(132,932)	
38	General Plant	-	(494)	-	-	-	(25,360)	-	(25,360)	
39	Total Accumulated Depreciation/Amortization	-	(606)	-	-	-	(168,772)	-	(168,772)	
40	NET PLANT	-	20,361	-	-	-	374,780	-	374,780	
41	DEFERRED TAXES	-	(3,873)	-	-	-	(81,201)	-	(81,201)	
42	Net Plant After DFTT	-	16,488	-	-	-	293,579	-	293,579	
43	GAS INVENTORY	-	-	-	-	-	9,116	-	9,116	
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-	-	
45	OTHER	-	-	-	-	1,474	1,225	-	1,225	
46	WORKING CAPITAL	-	-	-	-	-	13,657	-	13,657	
47	TOTAL RATE BASE	\$ -	\$ 16,488	\$ -	\$ -	\$ 1,474	\$ 317,577	\$ -	\$ 317,577	
48	RATE OF RETURN	-1,132	3,170	-5	0	774	6,630	0	6,630	
50	REVENUE REQUIREMENT	-1,132	3,170	-5	0	774	6,630	0	6,630	