

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-170485

DOCKET NO. UG-170486

EXH. EMA-15

ELIZABETH M. ANDREWS

REPRESENTING AVISTA CORPORATION

## Electric and Natural Gas Uncontested Adjustments

Adjustment Number Electric	Adjustment Number Natural Gas	Adjustment Name
<b><u>Restating Adjustments</u></b>		
1.00	1.00	Per Results Report
1.01	1.01	Deferred FIT Rate Base
1.02	1.02	Deferred Debits and Credits
2.01	2.01	Eliminate B & O Taxes
2.04	2.04	Regulatory Expense
2.05	2.05	Injuries and Damages
2.06	2.06	FIT/DFIT/ ITC Expense
2.07	2.07	Office Space Charges to Non-Utility
2.08	2.08	Restate Excise Taxes
2.09	2.09	Net Gains / Losses
2.10	2.10	Weather Normalization
2.11	2.11	Eliminate Adder Schedules
2.12	2.12	Misc. Restating Non-Util / Non- Recurring Expenses
2.13		Eliminate WA Power Cost Defer
	2.13	Project Compass Deferral
2.14		Nez Perce Settlement Adjustment
2.16		Normalize CS2/Colstrip Major Maint
2.18		Authorized Power Supply
<b><u>Pro Forma Adjustments</u></b>		
3.01		Pro Forma Trans/Power Sup Non-ERM Rev/Exp
	3.01	Pro Forma Atmospheric Testing & Leak Survey
3.03	3.03	Pro Forma Labor Exec
3.04	3.04	Pro Forma Employee Benefits
3.07	3.07	Pro Forma IS/IT Expense
3.08	3.08	Pro Forma Revenue Normalization
3.09	3.09	Pro Forma Def. Debits, Credits &/or Regulatory Amorts
3.13		PF Normalize CS2/Colstrip Major Maint
	3.13	Pro Forma LEAP Deferral Gas Line Ext.
3.14		Pro Forma Underground Equip Inspection
<hr style="border-top: 1px solid black;"/>		
(sum 25 adjs.)	(sum 21 adjs.)	

### Electric and Natural Gas Contested Adjustments

Adjustment Number Electric	Adjustment Number Natural Gas	Adjustment Name	Party Contesting	Accept or Oppose by Avista
<b>Restating Adjustments</b>				
1.03	1.03	Working Capital	Staff	<b>Oppose</b>
2.02	2.02	Restate Property Tax	Staff	Accept
2.03	2.03	Uncollect. Expense	Staff	Accept
-	-	Conversion Factor	Staff	Accept
2.15	2.14	Restating Incentives	Staff	Accept
2.17	2.15	Restate Debt Interest	Staff / ICNU / NWIGU	Flow Through (cost of capital related)
2.19 (New Staff)	2.16 (New Staff)	Restate 2016 AMA Rate Base to EOP	Staff added adj	Accept in part (Rate Base) / Oppose in part (Expense)
<b>Pro Forma Adjustments</b>				
3.02	3.02	Pro Forma Labor Non-Exec	ICNU / NWIGU / Public Counsel	<b>Oppose</b>
3.05	3.05	Pro Forma Incentive Expenses	Staff	Accept
3.06	3.06	Pro Forma Property Tax	Staff / Public Counsel	Accept Gas; <u>Oppose Electric:</u> (Avista believes Staff erred in its calculation for electric, Avista includes a corrected amount) / Oppose: Public Counsel Adj.
3.10	3.10	Pro Forma 2017 Threshold Capital Adds	Staff / ICNU / NWIGU	<b>Oppose</b>
3.11	3.11	Pro Forma O&M Offsets	Staff	<b>Oppose</b>
3.12	3.12	Pro Forma Director Fees Exp	Staff / ICNU / NWIGU / Public Counsel	Accept
New-A1		New MT Aquatic Invasive Fee - electric	(New Avista adjustment added on rebuttal) <sup>(1)</sup>	
3.15	3.14	EOP 2017 Capital Net Rate Base	Staff / ICNU / NWIGU / Public Counsel	Accept
4.00		Pro Forma Power Supply & Transm Revs	Staff / ICNU / NWIGU / Public Counsel	<b>Oppose</b>
<p>(1) Avista noted within Andrews Exh. EMA-2, page 10, footnote 2: After completion of the Company's revenue requirement, we learned of the impact of a new aquatic invasive species fee, to be paid to the State of Montana, related to the Company's Noxon Rapids hydroelectric generating facility, beginning July 1, 2017. This fee is approximately \$1.6 million per year, or \$1.0 million Washington's share. During settlement discussions on October 6, 2017 the parties discussed this adjustment.</p>				

RECONCILIATION TABLE OF ADJUSTMENTS TO ELECTRIC REVENUE REQUIREMENT									
ELECTRIC	Avista Rebuttal		UTC Staff (2)		ICNU (3)		Public Counsel (4)		
	Revenue Requirement	Rate Base	Revenue Requirement	Rate Base	Revenue Requirement	Rate Base	Revenue Requirement	Rate Base	
<b>Adjustments:</b>									
1	Amount As Filed Per Company	\$ 61,356	\$ 1,592,165	\$ 61,356	\$ 1,592,165	\$ 61,356	\$ 1,592,165	\$ 61,356	\$ 1,592,165
2	Adjust Cost of Capital			(14,272)		(16,671)		(12,557)	
3	Restate Debt Interest			841		1,752		0	
4	Working Capital	(540)	(4,951)	(465)	(4,272)				
5	Restate Property Taxes	(664)		(664)					
6a	Uncollectible Expense	(214)		(205)					
6b	Conversion Factor: (impact of change in uncollectible expense)	(24)		(24)					
7	Restating Incentives	48		48					
8	Restate 2016 AMA Rate Base to EOP	11,635	69,691	7,555	69,691	0		0	0
9	Pro Forma Incentives	(125)		(125)					
10	Pro Forma Property Taxes	(539)		(1,233)				(1,290)	
11	Revise Pro Forma 2017 Threshold Additions	4,414	27,633	(5,294)	(26,211)	(6,599)	(29,346)		
12	O&M Offsets	(120)		1,036					
13	Pro Forma Directors Fees	(394)		(394)		(394)		(394)	
14	MT Hydro Facility Fee	1,071	0						
15	Pro Forma Labor	0				(1,121)		(1,503)	
16	Removal of EOP 2017 Adjustment	(21,517)	(119,874)	(21,517)	(119,874)	(21,517)	(119,874)	(21,517)	(119,874)
17	Remove Power Supply Adjustment			(16,609)		(16,609)		(16,609)	
18									
19	Total Adjustments	\$ (6,969)	\$ (27,501)	\$ (51,322)	\$ (80,666)	\$ (61,159)	\$ (149,220)	\$ (53,870)	\$ (119,874)
20									
21	Adjusted Amounts	\$ 54,387	\$ 1,564,664	\$ 10,034	\$ 1,511,499	\$ 197	\$ 1,442,945	\$ 7,486	\$ 1,472,291
				(1)	(1)		(1)		
<p>(1) Each of the parties reconciled their positions with the Company's Pro Forma Study (\$37.5 million) in error rather than Avista's filed case "EOP Rate Base Study" of \$61.356 million. Most amounts shown in columns above are per party exhibits, with the exception of: 1) Added "Removal of EOP 2017 Adjustment" (line 16) in order to reconcile with EOP Study filed case; and 2) plugged difference into Cost of Capital (line 2) - differences result in Cost of Capital and Restate Debt Interest amounts compared to party exhibits because EOP Rate Base Study used a 50% / 50% capital structure, whereas the Pro Forma Study used 48.5% equity / 51.5% debt. Amounts shown in table above for each party's restate debt (line 3) amount therefore will also vary due to the use of Pro Forma Study results rather than as filed EOP Study by Avista.</p>									
(2) Per Huang Exh. JH-2, page 11.									
(3) Mullin, Exh. BGM-3, page 1.									
(4) Per M. Garrett, Exh. MEG-11, page 2.									

**RECONCILIATION TABLE OF ADJUSTMENTS TO NATURAL GAS REVENUE REQUIREMENT**

NATURAL GAS	Avista Rebuttal		UTC Staff (2)		NWIGU (3)		Public Counsel (4)	
	Revenue Requirement	Rate Base	Revenue Requirement	Rate Base	Revenue Requirement	Rate Base	Revenue Requirement	Rate Base
<b>Adjustments:</b>								
1 <b>Amount As Filed Per Company</b>	\$ 8,269	\$ 319,539	\$ 8,269	\$ 319,539	\$ 8,269	\$ 319,539	\$ 8,269	\$ 319,539
2 Adjust Cost of Capital			(2,901)		(3,481)		(2,473)	
3 Restate Debt Interest	0		168		256			
4 Working Capital	(125)	(1,143)	(359)	(4,182)				
5 Restate Property Taxes	(122)		(122)					
6a Uncollectible Expense	214		205					
6b Conversion Factor: (impact of change in uncollectible expense)	(65)		(65)					
7 Restating Incentives	15		15					
8 Restate 2016 AMA Rate Base to EOP	2,314	14,160	1,532	14,160				
9 Pro Forma Incentives	(35)		(35)					
10 Pro Forma Property Taxes	(49)		(49)				(249)	
11 Revise Pro Forma 2017 Threshold Additions	(441)	(1,353)	(2,212)	(9,969)	(1,882)	(6,096)	(124)	
12 O&M Offsets	28		34					
13 Pro Forma Directors Fees	(113)		(113)		(113)		(113)	
14 Pro Forma Labor	0				(319)		(458)	
15 Removal of EOP 2017 Adjustment	(3,260)	(13,626)	(3,260)	(13,626)	(3,260)	(13,626)	(3,260)	(13,626)
16								
17 Total Adjustments	\$ (1,639)	\$ (1,962)	\$ (7,162)	\$ (13,617)	\$ (8,799)	\$ (19,722)	\$ (6,677)	\$ (13,626)
18								
19 <b>Adjusted Amounts</b>	\$ 6,630	\$ 317,577	\$ 1,107	\$ 305,922	\$ (530)	\$ 299,817	\$ 1,592	\$ 305,913

(1) (1) (1)

(1) Each of the parties reconciled their positions with the Company's Pro Forma Study (\$4.531 million) in error rather than Avista's filed case "EOP Rate Base Study" of \$8.269 million. Most amounts shown in columns above are per party exhibits, with the exception of: 1) Added "Removal of EOP 2017 Adjustment" (line 15) in order to reconcile with EOP Study filed case; and 2) plugged difference into Cost of Capital (line 2) - differences result in Cost of Capital and Restate Debt Interest amounts compared to party exhibits because EOP Rate Base Study used a 50% / 50% capital structure, whereas the Pro Forma Study used 48.5% equity / 51.5% debt. Amounts shown in table above for each party's restate debt amount (line 3) therefore will also vary due to the use of Pro Forma Study results rather than as filed EOP Study by Avista.

(2) Per Huang Exh. JH-3, page 10.

(3) Mullin, Exh. BGM-4, page 1.

(4) Per M. Garrett, Exh. MEG-12, page 2.