

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-170485

DOCKET NO. UG-170486

EXH. EMA-16

ELIZABETH M. ANDREWS

REPRESENTING AVISTA CORPORATION

Rebuttal Working Capital

Avista Corp
Combined Working Capital
For the Twelve Month Period Ending December 31, 2016 - Average of Monthly Averages Basis

| Line No. | Description | Per G/L | Adjustment | Revised |
|----------|---|----------------------|--------------------|----------------------|
| 1 | AVERAGE INVESTED CAPITAL | | | |
| 2 | Common Equity | 1,617,472,487 | | 1,617,472,487 |
| 3 | Trust Originated Preferred Securities | 51,547,000 | | 51,547,000 |
| 4 | Long-Term Debt | 1,369,417,349 | | 1,369,417,349 |
| 5 | Unamortized Debt Expense & Reacq. Gain/Loss | (22,912,057) | | (22,912,057) |
| 6 | Current Portion Long Term Debt | 56,250,000 | | 56,250,000 |
| 7 | Notes Payable - Current | 169,290,699 | | 169,290,699 |
| 8 | | | | |
| 9 | Total Average Invested Capital | 3,241,065,478 | - | 3,241,065,478 |
| 10 | | | | |
| 11 | AVERAGE OPERATING INVESTMENTS | | | |
| 12 | | | | |
| 13 | Electric Utility Plant | 3,677,078,226 | | 3,677,078,226 |
| 14 | Electric Accumulated Depreciation | (1,301,473,400) | | (1,301,473,400) |
| 15 | Gas Utility Plant | 998,900,700 | | 998,900,700 |
| 16 | Gas Accumulated Depreciation | (328,097,247) | | (328,097,247) |
| 17 | WPNG Acquisition Adjustment | - | | - |
| 18 | WPNG Acquisition Adju. Accum. Amort. | - | | - |
| 19 | Common Plant | 441,167,314 | | 441,167,314 |
| 20 | Common Accumulated Depreciation | (108,886,634) | | (108,886,634) |
| 21 | Customer Deposits and Advances | (6,296,460) | | (6,296,460) |
| 22 | Accumulated Deferred Taxes | (724,017,198) | 6,169,236 | (717,847,962) |
| 23 | Other Regulatory Assets/Liabilities | 27,448,002 | | 27,448,002 |
| 24 | Unrecovered Purchased Gas Costs - PGA | (16,978,670) | | (16,978,670) |
| 25 | Conservation Programs | 4,447,423 | | 4,447,423 |
| 26 | Provision for Pensions | 0 | | 0 |
| 27 | Investment in Exchange Power | 7,758,038 | | 7,758,038 |
| 28 | Total Average Operating Investment | 2,671,050,094 | 6,169,236 | 2,677,219,330 |
| 29 | | | | |
| 30 | | | | |
| 31 | Construction Work in Progress | | | |
| 32 | | | | |
| 33 | Electric and Gas Construction Work in Process | 155,495,950 | | 155,495,950 |
| 34 | Preliminary Surveys | 546,236 | | 546,236 |
| 35 | Total Construction Work in Progress | 156,042,186 | - | 156,042,186 |
| 36 | | | | |
| 37 | Non-Utility / Nonoperating Investments | | | |
| 38 | | | | |
| 39 | Non-Utility Property | 17,085,305 | | 17,085,305 |
| 40 | Investment in Subsidiaries | 160,967,990 | | 160,967,990 |
| 41 | Other Investments & FAS 133 | 11,673,934 | | 11,673,934 |
| 42 | Other Special Funds | (854) | | (854) |
| 43 | Special Deposits and Temporary Investments | (3,442) | | (3,442) |
| 44 | Misc. Deferred Charges / Other Deferred Credits Net | (26,636,588) | | (26,636,588) |
| 45 | Receivable/Payable Associated Co.-Net | (10,419,263) | | (10,419,263) |
| 46 | Derivative Assets/Liabilities Net | 101,368,093 | | 101,368,093 |
| 47 | Accumulated Deferred Federal Income Tax | 18,526,970 | | 18,526,970 |
| 48 | FAS 109 Regulatory Asset/Liability Net | 1 | | 1 |
| 49 | Other Accounts and Notes Receivable | - | | - |
| 50 | Other Current and Accrued Liabilities | (432,884) | | (432,884) |
| 51 | Total Non Operating Investment | 272,129,262 | - | 272,129,262 |
| 52 | | | | |
| 53 | Total Average Investments | 3,099,221,542 | 6,169,236 | 3,105,390,778 |
| 54 | | | | |
| 55 | Total Investor Supplied Capital | 141,843,936 | (6,169,236) | 135,674,700 |
| 56 | | | | |

Rebuttal Working Capital

Avista Corp
Combined Working Capital
For the Twelve Month Period Ending December 31, 2016 - Average of Monthly Averages Basis

| Line No. | Description | Per G/L | Adjustment | Revised |
|----------|--|----------------------|-------------------|----------------------|
| 61 | I - ALLOCATION OF WORKING CAPITAL - OPERATING & NON-OPERATING | | | |
| | | <u>Per G/L</u> | <u>Adjustment</u> | <u>Revised</u> |
| 62 | Total Investment | 3,099,221,542 | | |
| 63 | Less: | | | |
| 64 | Electric and Gas Construction Work in Progress | (155,495,950) | | |
| 65 | Preliminary Survey | (546,236) | | |
| 66 | Total Investment - Net of CWIP and Preliminary Survey | <u>2,943,179,356</u> | | |
| 67 | | | | |
| 68 | Total Investor Supplied Working Capital | 141,843,936 | | |
| 1 | Investor Supplied Working Capital Ratio | 4.819% | | |
| 2 | | | | |
| 3 | Total Average Operating Investment | <u>2,671,050,094</u> | | |
| 4 | | | | |
| 5 | Total Operating Working Capital | <u>128,728,906</u> | | |
| 6 | | | | |
| 7 | Total Non-Operating Working Capital | <u>13,115,030</u> | | |
| | | | | |
| | Rate Base | | | 2,701,575,373 |
| | Other Investments | | | 403,815,406 |
| | Total Investments | | | <u>3,105,390,779</u> |
| | | | | |
| | Ratio: | | | |
| | Rate Base | | | 87.00% |
| | Other Investments | | | 13.00% |
| | Total Investments | | | <u>100.00%</u> |
| | | | | |
| | Working Capital Allocation (Revised Method) | | | |
| | Rate Base | | | 118,031,982 |
| | Other Investments | | | 17,642,718 |
| | Total Investments | | | <u>135,674,700</u> |

Avista Corp
 Working Capital - Proposed Allocation
 For the Twelve Month Period Ending December 31, 2016
 Average of Monthly Averages Basis

Total Non-Operating Working Capital (from ISWC) = 17,642,718

| Allocation Factor Note | Allocation Factor Svc.Jur | Total | Non-Operating | Operating | Electric | Gas-North | Gas-South | ED-WA | ED-ID | GD-WA | GD-ID | GD-OR |
|------------------------|---------------------------|---------------------|---------------------|---------------------|--------------------|-----------|-----------|---------|---------|---------|---------|---------|
| 1 | ED.AN | 28,382,375 | (3,690,756) | 24,691,618 | 100.00% | | | 65.73% | 34.27% | | | |
| | ED.ID | (299,975) | 39,008 | (260,967) | 100.00% | | | | 100.00% | | | |
| | GD.AN | - | - | - | | 100.00% | | | | 70.53% | 29.47% | |
| | GD.ID | 10,704 | (1,392) | 9,312 | | 100.00% | | | | | 100.00% | |
| | GD.OR | 1,153,402 | (149,985) | 1,003,417 | | | 100.00% | | | | | 100.00% |
| | GD.WA | 22,120 | (2,876) | 19,244 | | 100.00% | | | | | 100.00% | |
| 1 Total | | 29,268,626 | (3,806,002) | 25,462,624 | | | | | | | | |
| 2 | CD.AA | (12,570,588) | 1,634,640 | (10,935,948) | 52.83% | 33.17% | 14.00% | 65.67% | 34.33% | 66.16% | 33.84% | 100.00% |
| | CD.ID | (89,342) | 11,618 | (77,724) | 61.43% | 38.57% | | | 100.00% | | 100.00% | |
| | CD.WA | (745,420) | 96,932 | (648,488) | 61.43% | 38.57% | | | 100.00% | | 100.00% | |
| | ED.AN | (26,216) | 3,409 | (22,807) | 100.00% | | | 65.67% | 34.33% | | | |
| | ED.ID | 1,738,050 | (226,011) | 1,512,039 | 100.00% | | | | 100.00% | | | |
| | ED.WA | 4,258,812 | (553,803) | 3,705,009 | 100.00% | | | 100.00% | | | | |
| | GD.AA | - | - | - | | 70.32% | 29.68% | | | 66.16% | 33.84% | 100.00% |
| | GD.AN | (3,734) | 486 | (3,248) | | 100.00% | | | | 66.16% | 33.84% | |
| | GD.ID | 346,963 | (45,118) | 301,845 | | 100.00% | | | | | 100.00% | |
| | GD.WA | 1,078,408 | (140,233) | 938,175 | | 100.00% | | | | 100.00% | | |
| 2 Total | | (6,013,066) | 781,921 | (5,231,146) | | | | | | | | |
| 4 | CD.AA | 143,893,671 | (18,711,488) | 125,182,183 | 71.33% | 19.96% | 8.72% | 68.27% | 31.73% | 70.29% | 29.71% | 100.00% |
| | CD.AN | (50,209) | 6,529 | (43,680) | 78.48% | 21.52% | | 68.27% | 31.73% | 70.29% | 29.71% | |
| | CD.ID | (8,257) | 1,074 | (7,184) | 78.48% | 21.52% | | | 100.00% | | 100.00% | |
| | CD.WA | (208,774) | 27,148 | (181,626) | 78.48% | 21.52% | | 100.00% | | 100.00% | | |
| | ED.AN | (11,434,406) | 1,486,895 | (9,947,511) | 100.00% | | | 68.27% | 31.73% | | | |
| | ED.ID | 2,481,050 | (322,628) | 2,158,422 | 100.00% | | | | 100.00% | | | |
| | ED.MT | 1,875 | (244) | 1,631 | 100.00% | | | 68.27% | 31.73% | | | |
| | ED.WA | 6,023,901 | (783,329) | 5,240,571 | 100.00% | | | 100.00% | | | | |
| | GD.AA | 4,856,075 | (631,469) | 4,224,606 | | 69.63% | 30.37% | | | 70.29% | 29.71% | 100.00% |
| | GD.AN | (3,723,486) | 484,191 | (3,239,296) | | 100.00% | | | | 70.29% | 29.71% | |
| | GD.ID | 1,421,676 | (184,870) | 1,236,806 | | 100.00% | | | | | 100.00% | |
| | GD.WA | 1,593,287 | (207,186) | 1,386,101 | | 100.00% | | | | 100.00% | | |
| | 4 Total | | 144,846,403 | (18,835,378) | 126,011,025 | | | | | | | |
| 20 | ED.ID | (4,804,834) | 624,806 | (4,180,028) | ED.AN | ED.ID | ED.WA | 65.73% | 34.27% | | | |
| | ED.MT | (6,178,695) | 803,458 | (5,375,237) | 100.00% | 100.00% | | 65.73% | 34.27% | | | |
| | ED.OR | 311,391 | (40,492) | 270,898 | 100.00% | | | 65.73% | 34.27% | | | |
| | ED.WA | (16,196,109) | 2,106,092 | (14,090,017) | 0.00% | | 100.00% | 65.73% | 34.27% | | | |
| | GD.ID | (1,518,364) | 197,443 | (1,320,920) | | 100.00% | | | | | 100.00% | |
| | GD.OR | (200,921) | 26,127 | (174,794) | | | 100.00% | | | | | 100.00% |
| | GD.WA | (3,839,729) | 499,307 | (3,340,423) | | 100.00% | | | | 100.00% | | |
| 20 Total | | (32,427,262) | 4,216,741 | (28,210,522) | | | | | | | | |
| Grand Total | | 135,674,700 | (17,642,718) | 118,031,982 | | | | | | | | |

Adjusted Amount Per Filed GRC
 Difference

Avista Corp
 Working Capital - Proposed Allocation
 For the Twelve Month Period Ending December 31, 2016
 Average of Monthly Averages Basis

Total Non-Operating Working Capital (from ISWC) = 17,642,718

| Allocation Factor Note | Allocation Factor Svc.Jur | Total | Non-Operating | Operating | ED-WA | ED-ID | GD-WA | GD-ID | GD-OR | ED-WA | ED-ID | GD-WA | GD-ID | GD-OR |
|------------------------|---------------------------|---------------------|---------------------|---------------------|---------|---------|---------|---------|---------|---------------------|--------------------|--------------------|--------------------|--------------------|
| 1 | ED.AN | 28,382,375 | (3,690,756) | 24,691,618 | 65.73% | 34.27% | 0.00% | 0.00% | 0.00% | 16,229,801 | 8,461,818 | - | - | - |
| | ED.ID | (299,975) | 39,008 | (260,967) | 0.00% | 100.00% | 0.00% | 0.00% | 0.00% | - | (260,967) | - | - | - |
| | GD.AN | - | - | - | 0.00% | 0.00% | 70.53% | 29.47% | 0.00% | - | - | - | - | - |
| | GD.ID | 10,704 | (1,392) | 9,312 | 0.00% | 0.00% | 0.00% | 100.00% | 0.00% | - | - | - | 9,312 | - |
| | GD.OR | 1,153,402 | (149,985) | 1,003,417 | 0.00% | 0.00% | 0.00% | 0.00% | 100.00% | - | - | - | - | 1,003,417 |
| | GD.WA | 22,120 | (2,876) | 19,244 | 0.00% | 0.00% | 100.00% | 0.00% | 0.00% | - | - | 19,244 | - | - |
| 1 Total | | 29,268,626 | (3,806,002) | 25,462,624 | | | | | | 16,229,801 | 8,200,851 | 19,244 | 9,312 | 1,003,417 |
| 2 | CD.AA | (12,570,588) | 1,634,640 | (10,935,948) | 34.70% | 18.14% | 21.94% | 11.22% | 14.00% | (3,794,582) | (1,983,351) | (2,399,806) | (1,227,224) | (1,530,984) |
| | CD.ID | (89,342) | 11,618 | (77,724) | 0.00% | 61.43% | 0.00% | 38.57% | 0.00% | - | (47,750) | - | (29,974) | - |
| | CD.WA | (745,420) | 96,932 | (648,488) | 61.43% | 0.00% | 38.57% | 0.00% | 0.00% | (398,398) | - | (250,090) | - | - |
| | ED.AN | (26,216) | 3,409 | (22,807) | 65.67% | 34.33% | 0.00% | 0.00% | 0.00% | (14,978) | (7,829) | - | - | - |
| | ED.ID | 1,738,050 | (226,011) | 1,512,039 | 0.00% | 100.00% | 0.00% | 0.00% | 0.00% | - | 1,512,039 | - | - | - |
| | ED.WA | 4,258,812 | (553,803) | 3,705,009 | 100.00% | 0.00% | 0.00% | 0.00% | 0.00% | 3,705,009 | - | - | - | - |
| | GD.AA | - | - | - | 0.00% | 0.00% | 46.53% | 23.79% | 29.68% | - | - | - | - | - |
| | GD.AN | (3,734) | 486 | (3,248) | 0.00% | 0.00% | 66.16% | 33.84% | 0.00% | - | - | (2,149) | (1,099) | - |
| | GD.ID | 346,963 | (45,118) | 301,845 | 0.00% | 0.00% | 0.00% | 100.00% | 0.00% | - | - | - | 301,845 | - |
| | GD.WA | 1,078,408 | (140,233) | 938,175 | 0.00% | 0.00% | 100.00% | 0.00% | 0.00% | - | - | 938,175 | - | - |
| 2 Total | | (6,013,066) | 781,921 | (5,231,146) | | | | | | (502,949) | (526,890) | (1,713,870) | (956,452) | (1,530,984) |
| 4 | CD.AA | 143,893,671 | (18,711,488) | 125,182,183 | 48.69% | 22.63% | 14.03% | 5.93% | 8.72% | 60,956,538 | 28,330,906 | 17,560,406 | 7,423,454 | 10,910,879 |
| | CD.AN | (50,209) | 6,529 | (43,680) | 53.58% | 24.90% | 15.12% | 6.39% | 0.00% | (23,404) | (10,877) | (6,606) | (2,793) | - |
| | CD.ID | (8,257) | 1,074 | (7,184) | 0.00% | 78.48% | 0.00% | 21.52% | 0.00% | - | (5,638) | - | (1,546) | - |
| | CD.WA | (208,774) | 27,148 | (181,626) | 78.48% | 0.00% | 21.52% | 0.00% | 0.00% | (142,545) | - | (39,080) | - | - |
| | ED.AN | (11,434,406) | 1,486,895 | (9,947,511) | 68.27% | 31.73% | 0.00% | 0.00% | 0.00% | (6,791,166) | (3,156,345) | - | - | - |
| | ED.ID | 2,481,050 | (322,628) | 2,158,422 | 0.00% | 100.00% | 0.00% | 0.00% | 0.00% | - | 2,158,422 | - | - | - |
| | ED.MT | 1,875 | (244) | 1,631 | 68.27% | 31.73% | 0.00% | 0.00% | 0.00% | 1,114 | 518 | - | - | - |
| | ED.WA | 6,023,901 | (783,329) | 5,240,571 | 100.00% | 0.00% | 0.00% | 0.00% | 0.00% | 5,240,571 | - | - | - | - |
| | GD.AA | 4,856,075 | (631,469) | 4,224,606 | 0.00% | 0.00% | 48.94% | 20.69% | 30.37% | - | - | 2,067,676 | 874,086 | 1,282,844 |
| | GD.AN | (3,723,486) | 484,191 | (3,239,296) | 0.00% | 0.00% | 70.29% | 29.71% | 0.00% | - | - | (2,276,804) | (962,492) | - |
| | GD.ID | 1,421,676 | (184,870) | 1,236,806 | 0.00% | 0.00% | 0.00% | 100.00% | 0.00% | - | - | - | 1,236,806 | - |
| | GD.WA | 1,593,287 | (207,186) | 1,386,101 | 0.00% | 0.00% | 100.00% | 0.00% | 0.00% | - | - | 1,386,101 | - | - |
| 4 Total | | 144,846,403 | (18,835,378) | 126,011,025 | | | | | | 59,241,108 | 27,316,985 | 18,691,693 | 8,567,516 | 12,193,723 |
| 20 | ED.ID | (4,804,834) | 624,806 | (4,180,028) | 0.00% | 100.00% | 0.00% | 0.00% | 0.00% | - | (4,180,028) | - | - | - |
| | ED.MT | (6,178,695) | 803,458 | (5,375,237) | 65.73% | 34.27% | 0.00% | 0.00% | 0.00% | (3,533,143) | (1,842,094) | - | - | - |
| | ED.OR | 311,391 | (40,492) | 270,898 | 65.73% | 34.27% | 0.00% | 0.00% | 0.00% | 178,062 | 92,837 | - | - | - |
| | ED.WA | (16,196,109) | 2,106,092 | (14,090,017) | 100.00% | 0.00% | 0.00% | 0.00% | 0.00% | (14,090,017) | - | - | - | - |
| | GD.ID | (1,518,364) | 197,443 | (1,320,920) | 0.00% | 0.00% | 0.00% | 100.00% | 0.00% | - | - | - | (1,320,920) | - |
| | GD.OR | (200,921) | 26,127 | (174,794) | 0.00% | 0.00% | 0.00% | 0.00% | 100.00% | - | - | - | - | (174,794) |
| | GD.WA | (3,839,729) | 499,307 | (3,340,423) | 0.00% | 0.00% | 100.00% | 0.00% | 0.00% | - | - | (3,340,423) | - | - |
| 20 Total | | (32,427,262) | 4,216,741 | (28,210,522) | | | | | | (17,445,099) | (5,929,285) | (3,340,423) | (1,320,920) | (174,794) |
| Grand Total | | 135,674,700 | (17,642,718) | 118,031,982 | | | | | | 57,522,860 | 29,061,661 | 13,656,644 | 6,299,455 | 11,491,362 |

Adjusted Amount Per Filed GRC

62,473,997 14,799,943

Difference

Additional Adjustment to As-Filed
 (4,951,137) (1,143,299)
 57,522,860 13,656,644

Avista-Rebuttal Propert Tax
Electric
Exh AIW-2
Dockets UE-170485 / UG-170486

AVISTA UTILITIES
WASHINGTON ELECTRIC RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2016
(000'S OF DOLLARS)

| Line No. | | Pro Forma Property Tax |
|-------------|-------------------------------------|------------------------------|
| | Adjustment Number | 3.06 |
| | Workpaper Reference | E-PPT |
| | REVENUES | |
| 1 | Total General Business | \$0 |
| 2 | Interdepartmental Sales | - |
| 3 | Sales for Resale | - |
| 4 | Total Sales of Electricity | - |
| 5 | Other Revenue | - |
| 6 | Total Electric Revenue | - |
| | EXPENSES | |
| | Production and Transmission | |
| 7 | | - |
| 8 | | - |
| 9 | | - |
| 10 | | - |
| 11 | | 1,396 |
| 12 | Total Production & Transmission | 1,396 |
| | Distribution | |
| 13 | | - |
| 14 | | - |
| 15 | | - |
| 16 | | 548 |
| 17 | Total Distribution | 548 |
| 18 | Customer Accounting | - |
| 19 | Customer Service & Information | - |
| 20 | Sales Expenses | - |
| | Administrative & General | |
| 21 | | - |
| 22 | | - |
| 23 | | - |
| 24 | Total Admin. & General | - |
| 25 | Total Electric Expenses | 1,944 |
| 26 | OPERATING INCOME BEFORE FIT | (1,944) |
| | FEDERAL INCOME TAX | |
| 27 | Current Accrual | (680) |
| 28 | Debt Interest | - |
| 29 | Deferred Income Taxes | - |
| 30 | Amortized ITC - Noxon | - |
| 31 | NET OPERATING INCOME | <u>(\$1,263)</u> |
| | RATE BASE | |
| | PLANT IN SERVICE | |
| 32 | | \$0 |
| 33 | | - |
| 34 | | - |
| 35 | | - |
| 36 | | - |
| 37 | Total Plant in Service | - |
| | ACCUMULATED DEPRECIATION/AMORT | |
| 38 | | - |
| 39 | | - |
| 40 | | - |
| 41 | | - |
| 42 | | - |
| 43 | Total Accumulated Depreciation | - |
| 44 | NET PLANT | - |
| 45 | DEFERRED TAXES | - |
| 46 | | - |
| 47 | DEFERRED DEBITS AND CREDITS & OTHER | - |
| 48 | WORKING CAPITAL | - |
| 49 | TOTAL RATE BASE | <u>\$0</u> |
| 50 | RATE OF RETURN | |
| 51 | REVENUE REQUIREMENT | 2,040 |

Avista Utilities
UE-170485/UG-170486
Calculation of Adj 2.02, Restate Property Tax and Adj 3.06, Pro Forma Property Tax- Electric

The adjustments have been compiled by staff who are not the original staff could be sure that the pro forma adjustment was based on the amt of the restated expense

2.02 Restate Property Tax

source: company file 1) CB - Property Tax ADJ REVISED tab G-RPT

| | PAYMENTS MADE TO JURISDICTIONS FOR ELECTRIC | | | | | | ALLOCATION | | |
|-------------------------------|---|-----------|-----------|-----------|----------|------------|----------------------|-----------------|------------------|
| | Washington | Idaho | Montana | Oregon | Colstrip | Total | 65.73% Washington | 34.27% Idaho | 100.00% Total |
| Actual Per Results | | | | | | | | | |
| P/T: | | | | | | | | | |
| 408150 | 3,342,360 | 1,241,751 | 8,081,676 | 2,611,176 | 3,686 | 15,280,649 | 10,043,971 | 5,236,678 | 15,280,649 |
| 408180 | 3,146,573 | 1,367,715 | 1,239,750 | 10,490 | - | 5,764,528 | 3,789,024 | 1,975,504 | 5,764,528 |
| P/T Total | 6,488,933 | 2,609,466 | 9,321,426 | 2,621,666 | 3,686 | 21,045,177 | 13,832,995 | 7,212,182 | 21,045,177 |
| Dist: | | | | | | | | | |
| 408170 | 7,495,836 | 3,070,265 | - | - | - | 10,566,101 | 7,495,836 | 3,070,265 | 10,566,101 |
| Actual Per Results | 13,984,769 | 5,679,731 | 9,321,426 | 2,621,666 | 3,686 | 31,611,278 | 21,328,831 | 10,282,447 | 31,611,278 |
| <i>as originally filed</i> | 13,357,999 | 5,679,731 | 9,743,496 | 2,621,666 | 3,686 | 31,406,578 | | | |
| Current Period Expense | 12,677,752 | 5,675,167 | 9,750,999 | 2,525,509 | 3,686 | 30,633,112 | | | |
| difference | (680,247) | (4,564) | 7,503 | (96,157) | - | (773,466) | | | |
| P/T: | | | | | | | | | |
| 408150 | 3,029,983 | 1,240,753 | 8,454,116 | 2,515,403 | 3,686 | 15,243,941 | 10,019,842 | 5,224,099 | 15,243,941 |
| 408180 | 2,852,494 | 1,366,616 | 1,296,883 | 10,105 | - | 5,526,099 | 3,632,305 | 1,893,794 | 5,526,099 |
| P/T | 5,882,477 | 2,607,369 | 9,750,999 | 2,525,509 | 3,686 | 20,770,040 | 13,652,147 | 7,117,893 | 20,770,040 |
| Dist: | | | | | | | | | |
| 408170 | 6,795,275 | 3,067,798 | - | - | - | 9,863,073 | 6,795,275 | 3,067,798 | 9,863,073 |
| | 12,677,752 | 5,675,167 | 9,750,999 | 2,525,509 | 3,686 | 30,633,112 | 20,447,422 | 10,185,690 | 30,633,112 |

| Adjustment | | | | | | | | | |
|-------------------|-------------|---------|---------|----------|---|----------------------------|-----------|----------|-----------|
| P/T: | | | | | | | | | |
| 408150 | (312,377) | (998) | 372,440 | (95,773) | - | (36,708) | (24,129) | (12,579) | (36,708) |
| 408180 | (294,079) | (1,099) | 57,133 | (385) | - | (238,429) | (156,719) | (81,710) | (238,429) |
| P/T | (606,456) | (2,097) | 429,573 | (96,157) | - | (275,137) | (180,848) | (94,289) | (275,137) |
| Dist: | | | | | | | | | |
| 408170 | (700,561) | (2,467) | - | - | - | (703,028) | (700,561) | (2,467) | (703,028) |
| | (1,307,017) | (4,564) | 429,573 | (96,157) | - | (978,166) | (881,409) | (96,757) | (978,166) |
| | | | | | | <i>as originally filed</i> | (249,680) | | |

3.06 Pro Forma Property Tax

source: company filename2.5)PF 2018-Property Tax ADJ

| | Commission Basis Expense - 2016 | | | | | | ALLOCATION | | |
|-------------------------------|---------------------------------|-----------|------------|-----------|----------|-------------|----------------------|-----------------|------------|
| | Washington | Idaho | Montana | Oregon | Colstrip | Total | 65.73% Washington | 34.27% Idaho | Total |
| Current Period Expense | | | | | | | | | |
| P/T: | | | | | | | | | |
| 408150 | 3,029,983 | 1,240,753 | 8,454,116 | 2,515,403 | 3,686 | 15,243,941 | 10,019,842 | 5,224,099 | 15,243,941 |
| 408180 | 2,852,494 | 1,366,616 | 1,296,883 | 10,105 | - | 5,526,099 | 3,632,305 | 1,893,794 | 5,526,099 |
| P/T Total | 5,882,477 | 2,607,369 | 9,750,999 | 2,525,509 | 3,686 | 20,770,040 | 13,652,147 | 7,117,893 | 20,770,040 |
| Dist: | | | | | | | | | |
| 408170 | 6,795,275 | 3,067,798 | - | - | - | 9,863,073 | 6,795,275 | 3,067,798 | 9,863,073 |
| Actual Per Results | 12,677,752 | 5,675,167 | 9,750,999 | 2,525,509 | 3,686 | 30,633,112 | 20,447,422 | 10,185,690 | 30,633,112 |
| <i>as originally filed</i> | 15,000,000 | 6,424,000 | 11,078,000 | 2,584,000 | 3,686 | 35,089,686 | | | |
| 2018 Period Expense | 13,700,228 | 6,433,995 | 10,709,660 | 2,867,152 | 3,686 | 33,714,721 | | | |
| difference | (1,299,772) | 9,995 | (368,340) | 283,152 | - | (1,374,965) | | | |
| P/T: | | | | | | | | | |
| 408150 | 3,274,355 | 1,406,655 | 9,285,275 | 2,855,680 | 3,686 | 16,825,650 | 11,059,500 | 5,766,150 | 16,825,650 |
| 408180 | 3,082,551 | 1,549,346 | 1,424,385 | 11,472 | - | 6,067,755 | 3,988,336 | 2,079,420 | 6,067,755 |
| P/T | 6,356,906 | 2,956,001 | 10,709,660 | 2,867,152 | 3,686 | 22,893,405 | 15,047,836 | 7,845,570 | 22,893,406 |
| Dist: | | | | | | | | | |
| 408170 | 7,343,322 | 3,477,994 | - | - | - | 10,821,316 | 7,343,322 | 3,477,994 | 10,821,316 |
| | 13,700,228 | 6,433,995 | 10,709,660 | 2,867,152 | 3,686 | 33,714,721 | 22,391,158 | 11,323,564 | 33,714,722 |

| Adjustment | | | | | | | | | |
|-------------------|-----------|---------|---------|---------|---|----------------------------|-----------|-----------|-----------|
| P/T: | | | | | | | | | |
| 408150 | 244,372 | 165,901 | 831,159 | 340,277 | - | 1,581,709 | 1,039,657 | 542,051 | 1,581,709 |
| 408180 | 230,057 | 182,731 | 127,502 | 1,367 | - | 541,657 | 356,031 | 185,626 | 541,657 |
| P/T | 474,429 | 348,632 | 958,661 | 341,644 | - | 2,123,366 | 1,395,689 | 727,677 | 2,123,366 |
| Dist: | | | | | | | | | |
| 408170 | 548,047 | 410,196 | - | - | - | 958,243 | 548,047 | 410,196 | 958,243 |
| | 1,022,476 | 758,828 | 958,661 | 341,644 | - | 3,081,609 | 1,943,736 | 1,137,873 | 3,081,609 |
| | | | | | | <i>as originally filed</i> | 2,458,073 | | |

Avista Utilities
Revised Forecasts for Property Tax Expense
Source: file Avista Resp to Staff DR 160 Attach A

| Line No | REVISED 2016-2020 at 12/06/2016 | | Link to Supplemental resp to DR 41 ACTUAL 2016 Amts | AS ORIG FILED 2016-2020 at 12/06/2016 | Staff Calculation 2017 | Link to supplemental resp to DR 40 | Link to supplemental resp to DR 40 company comments | REVISED 2016-2020 at 12/06/2016 | |
|---------|--|---------------------------|---|---|------------------------|------------------------------------|---|---------------------------------|----------------------|
| | in thousands | | | in thousands | in thousands | | | in thousands | |
| | 2015 | 2016 | | 2016 | 2016 | | | 2017 | |
| | 2016 | 2017 | | 2017 | 2017 | | | 2018 | |
| | 2016 | 2017 | | 2017 | 2017 | | | 2018 | |
| | YEAR TAX ACCRUED | | | YEAR TAX PAYABLE (oregon & california) | | | | 2018-2019 | |
| | 2016-2017 | | | 2017-2018 | | | | 2018-2019 | |
| | 2016 Estimate | | | 2017 Estimate | | Company's Revised 2017 update | | 2018 Estimate | |
| 1 | WASHINGTON - ELECTRIC | | | | | | | | |
| 2 | | | | | | | | | |
| 3 | | | | | | | | | |
| 4 | HIST COST INDICATOR | 2,200,000 | | 2,200,000 | 2,300,000 | 2,300,000 | Actual per State DOR | 2,300,000 | |
| 5 | ESTIMATED SYSTEM VALUE | | | | | | | | |
| 6 | ADD : NET ADDITIONS TO PLANT | | 0.000 | 310,837.112 | 0 | | | 291,856 | |
| 7 | LESS: Intangibles Other | | | -31,087 | 0 | | | -94,410 | |
| 8 | ADD : Smart Grid CIAC | | | | 0 | | | 0 | |
| 9 | LESS : Vehicles | | | -5,660 | 0 | | | -7,850 | |
| 10 | LESS : DEPR EST (see Form 1 page 115 rounded) | | | -96,000 | 0 | | | -96,000 | |
| 11 | TAXABLE PERCENTAGE | 97.7962% | | 97.7962% | 97.4317% | 97.4317% | Actual per State DOR | 97.4317% | |
| 12 | STATE ALLOCATION % | 54.0193% | | 54.0193% | 53.8840% | 53.8840% | Actual per State DOR | 53.8840% | |
| 13 | ALLOCATED VALUE | 1,162,235 | 1.039 | 1,256,318 | 1,207,502 | 1,207,502 | | 1,256,640 | |
| 14 | add:adjustments | 620 | | | 492 | 492 | Actual per State DOR | | |
| 15 | GROSS ASSESSED VALUE | 1,162,855 | | 1,256,318 | 1,207,994 | 1,207,994 | Actual | 1,256,640 | |
| 16 | **EQUALIZED VALUE per state Certification Report | 1,064,023 | | | | | | | |
| 17 | equalization factor | 0.915 | | 0.928 | 0.915 | 0.9150 | 2016 ratio | 0.915 | |
| 18 | ASSESSED VALUE | 1,064,023 | | 1,165,485 | 1,105,327 | 1,105,327 | Calculation | 1,149,838 | |
| 19 | OTHER | 0 | | 0 | 0 | 0 | | 0 | |
| 20 | TAX RATE | 1.064,023 0.01191 | | 1,165,485 1.20% | 1,105,327 0.01191 | 1,105,327 0.01191 | 2016 weighted average rate | 0.00% | 1,149,838 0.01191 |
| 21 | TAX | 12,678 | 12,678 | 13,971 | 13,170 | 13,170 | 2017 WA estimated property tax | 13,700 | |
| 22 | | 13358 as originally filed | | 14720 | 14720 | | as originally filed | 15605 | |
| 23 | | 2016 ACTUAL | | 2017 Estimate | 2017 Estimate | | | 2018 Estimate | |
| 24 | IDAHO - ELECTRIC | | | | | | | | |
| 25 | | | | | | | | | |
| 26 | | | | | | | | | |
| 27 | HIST COST INDICATOR | 2,098,023 | | 2,098,023 | 2,268,109 | 2,268,109 | Actual per State DOR | 2,268,109 | |
| 28 | ESTIMATED SYSTEM VALUE | | | | | | | | |
| 29 | ADD : NET ADDITIONS TO PLANT | | | 310,837 | 0 | | | 291,856 | |
| 30 | LESS: Intangibles Other | | | -31,087 | 0 | | | -94,410 | |
| 31 | ADD : Smart Grid CIAC | | | 0 | 0 | | | 0 | |
| 32 | LESS : Vehicles | | | -5,660 | 0 | | | -7,850 | |
| 33 | LESS : DEPR EST | | | -96,000 | 0 | | | -96,000 | |
| 34 | LESS : OTHER | | | | | | | | |
| 35 | AMENDED VALUE | | | | | | | | |
| 36 | TAXABLE PERCENTAGE | 100.0000% | | 100.0000% | 100.0000% | 100.0000% | Actual per State DOR | 100.0000% | |
| 37 | STATE ALLOCATION % | 24.5181% | | 24.5181% | 24.6518% | 24.6518% | Actual per State DOR | 24.6518% | |
| 38 | ALLOCATED VALUE | 514,395 | | 558,059 | 559,130 | 559,130 | | 582,203 | |
| 39 | add:adjustments | -9,641 | | -9,641 | -9,958 | -9,958 | Actual per State DOR | -9,958 | |
| 40 | GROSS ASSESSED VALUE | 504,754 | | 548,418 | 549,172 | 549,172 | | 572,245 | |
| 41 | RATIO | 1.00 | | 1.00 | 1.00 | 1.00 | | 1.00 | |
| 42 | ASSESSED VALUE | 504,754 | | 548,418 | 549,172 | 549,172 | Actual | 572,245 | |
| 43 | TAX RATE | 0.01124 | | 1.15% | 0.01124 | 0.01124 | 2016 weighted average rate | 0.00% | 0.01124 |
| 44 | TAX | 5,675 | 5,675 | 6,299 | 6,175 | 6,175 | 2017 ID estimated property tax | 6,434 | |
| 45 | | | | | | | as originally fil | 6684 | |

| | REVISED 2016-2020 at 12/06/2016 | Link to Supplemental resp to DR 41 ACTUAL 2016 Amts | AS ORIG FILED 2016-2020 at 12/06/2016 | Staff Calculation 2017 | Link to supplemental resp to DR 40 | Link to supplemental resp to DR 40 company comments | Docket | REVISED 2016-2020 at 12/06/2016 |
|---|---------------------------------------|---|---|----------------------------|---------------------------------------|---|---------------------|---------------------------------------|
| | in thousands | | in thousands | | | | | in thousands |
| BOOK VALUE @ DEC YEAR ASSESSED YEAR TAX ACCRUED | 2015 2016 2016 | | 2016 2017 2017 | 2016 2017 2017 | | | | 2017 2018 2018 |
| MONTANA - ELECTRIC | 2016 ACTUAL | | 2017 Estimate | 2017 Estimate | | | | 2018 Estimate |
| | (combine E & G) | | (combine E & G) | (combine E & G) | 3,761,000 | Actual per State DOR | | (combine E & G) |
| | 3,431,000 | | 3,431,000 | 3,385,000 | 3,385,000 | Actual per State DOR | | 3,385,000 |
| HIST COST INDICATOR - after IPP reduction | 3,088,000 | | | | | | | |
| ADD : NET ADDITIONS TO PLANT - E & G | | | 340,330 | 0 | | | | 367,531 |
| ADD : Smart Grid CIAC | | | | 0 | | | | |
| LESS : DEPR EST | | | -123,000 | 0 | | | | -123,000 |
| LESS : INTANGIBLE EST | AMENDED VALUE | | -364,833 | 0 | | excluded DOR net value from Intangible exclusion calc | | -24,453 |
| | 3,088,000 | | 3,283,497 | 3,385,000 | 3,385,000 | Actual per State DOR | | 3,605,078 |
| TAXABLE PERCENTAGE | 100.0000% | | 100.0000% | 100.0000% | 100.0000% | Actual per State DOR | | 100.0000% |
| STATE ALLOCATION % | 13.6693% | | 13.6693% | 13.0848% | 13.0848% | Actual per State DOR | | 13.0848% |
| ALLOCATED VALUE | 422,108 | | 448,831 | 442,920 | 442,920 | | | 471,717 |
| add: adjustments | -570 | | 0 | -560 | -560 | Actual per State DOR | | 0 |
| EQUALIZATION FACTOR | 1.00 | | 1.00 | 1.00 | 1.00 | Actual per State DOR | | 1.00 |
| GROSS MARKET VALUE | 421,538 | | 448,831 | 442,360 | 442,360 | | | 471,717 |
| RATIO (see County allocation report) | 0.0664 | | 0.0664 | 0.0652 | 0.0652 | weighted average ratio | | 0.0652 |
| taxable VALUE | 28,000 | | 29,813 | 28,839 | 28,839 | | | 30,752 |
| adjustments | 0 | | 0 | 0 | 0 | | | 0 |
| taxable value | 28,000 | | 29,813 | 28,839 | 28,839 | Actual | | 30,752 |
| TAX RATE | 0.34825 | | 35.52% | 0.34825 | 0.34825 | 2016 weighted average rate | 0.00% | 0.34825 |
| TAX | 9,751 | 9,751 | 10,590 | 10,043 | 10,043 | 2017 MT estimated property tax | | 10,710 |
| | | | | | | | as originally filed | 11.526 |
| OREGON - ELECTRIC | 16/17 Actual | | 17/18 Estimate | 17/18 Estimate | | | | 18/19 Estimate |
| | (Imnaha transmission line) | | (Imnaha transmission line) | (Imnaha transmission line) | | | | (Imnaha transmission line) |
| HIST COST INDICATOR | 1,138 | | 1,138 | 1,138 | 1,138 | 2016/2017 assessment value | | 1,138 |
| ESTIMATED SYSTEM VALUE | 0 | | 0 | 0 | 0 | | | 0 |
| ADD : LOLO-OXBOW TRANSMISSION LINE - LOCATION 64 | 0 | | 0 | 0 | 0 | | | 0 |
| LESS : DEPR EST | 0 | | 0 | 0 | 0 | | | 0 |
| TAXABLE PERCENTAGE | 100.0000% | | 100.0000% | 100.0000% | 100.0000% | | | 100.0000% |
| STATE ALLOCATION % | 100.0000% | | 100.0000% | 100.0000% | 100.0000% | | | 100.0000% |
| ALLOCATED VALUE | 1,138 | | 1,138 | 1,138 | 1,138 | | | 1,138 |
| add: adjustments | | | | | | | | |
| EQUALIZATION FACTOR | 1.00 | | 1.00 | 1.00 | 1.00 | | | 1.00 |
| GROSS MARKET VALUE | 1,138 | | 1,138 | 1,138 | 1,138 | | | 1,138 |
| RATIO | 1.0000 | | 1.0000 | 1.0000 | 1.0000 | | | 1.0000 |
| taxable VALUE | 1,138 | | 1,138 | 1,138 | 1,138 | | | 1,138 |
| ADD: POLL CONTROL EQUIP | 0 | | 0 | 0 | 0 | | | 0 |
| taxable value | 1,138 | | 1,138 | 1,138 | 1,138 | | | 1,138 |
| TAX RATE | 0.00924 | ##### | 0.94% | 0.00924 | 0.00924 | 2016/2017 tax rate | 0.00% | 0.00924 |
| TAX | 10.5 | 11 | 10.7 | 11 | 11 | 2017/2018 OR electric transmission estimated property tax | | 11 |
| | | | | | | | as originally filed | 11 |
| OREGON - ELECTRIC | 16/17 Actual | | 17/18 Estimate | 17/18 Estimate | | | | 18/19 Estimate |
| | Coyote Springs II & misc | | Coyote Springs II & misc | Coyote Springs II & misc | | | | Coyote Springs II & misc |
| HIST COST INDICATOR | 152,662 | | 152,662 | 173,400 | 173,400 | Actual per State DOR | | 173,400 |
| ADD : NET ADDITIONS TO PLANT | | | 3,500 | 0 | 0 | | | 0 |
| LESS : DEPR | | | 0 | 0 | 0 | | | 0 |
| ADD : 100% CS II GENERATING PLANT March 1, 2003 ? | | | 0 | 0 | 0 | | | 0 |
| STATE ALLOCATION % | na | | na | na | na | | | na |
| Other Misc property taxes | 0 | | 0 | 0 | 0 | | | 0 |
| In Lieu of Ad Valorem Taxes for 5 year starting In 2003 - Flat Rate | | | | | | | | |
| Estimated levy rate | 0.01647 | ##### | 1.68% | 0.01647 | 0.01647 | 2016/2017 tax rate | 0.00% | 0.01647 |
| % ownership of plant | 100% | | 100% | 100% | 100% | | | 100% |
| Tax due from Avista Corp | | | | | | | | |
| TAX | 2,515 | 2,515 | 2,624.1 | 2,857 | 2,857 | 2017/2018 OR electric production estimated property tax | | 2,857 |
| | | | | | | | as originally filed | 2,677 |

| | REVISED 2016-2020 at 12/06/2016 | <i>Link to Supplemental resp to DR 41 ACTUAL 2016 Amts</i> | AS ORIG FILED 2016-2020 at 12/06/2016 | Staff Calculation 2017 | <i>Link to supplemental resp to DR 40</i> | <i>Link to supplemental resp to DR 40 company comments</i> | REVISED 2016-2020 at 12/06/2016 |
|---|--|--|--|-----------------------------------|---|--|--|
| | in thousands | | in thousands | | | | in thousands |
| BOOK VALUE @ DEC YEAR ASSESSED YEAR TAX ACCRUED | 2015 2016 2016 | | 2016 2017 2017 | 2016 2017 2017 | | | 2017 2018 2018 |
| 110 | | | | | | | |
| 111 | WASHINGTON - GAS | | 2016 Estimate | 2017 Estimate | 2017 Estimate | | 2018 Estimate |
| 112 | | | | | | | |
| 113 | HIST COST INDICATOR | | | | | | |
| 114 | ESTIMATED SYSTEM VALUE | 500,000 | 500,000 | 550,000 | 550,000 | <i>Actual per State DOR</i> | 550,000 |
| 115 | ADD : NET ADDITIONS TO PLANT | 66,240 | 66,240 | 0 | 0 | | 75,675 |
| 116 | LESS : DEPR EST(see Form 1 pg 115 - Rounded) | -27,000 | -27,000 | 0 | 0 | | -27,000 |
| 117 | TAXABLE PERCENTAGE | 96.5099% | 96.5099% | 94.2417% | 94.2417% | <i>Actual per State DOR</i> | 94.2417% |
| 118 | STATE ALLOCATION % | 47.6452% | 47.6452% | 47.4895% | 47.4895% | <i>Actual per State DOR</i> | 47.4895% |
| 119 | ALLOCATED VALUE | 229,912 | 247,955 | 246,152 | 246,152 | | 267,937 |
| 120 | add: adjustments | | | | | | |
| 121 | GROSS ASSESSED VALUE | 229,912 | 247,955 | 246,152 | 246,152 | <i>Actual per State DOR</i> | 267,937 |
| 122 | **EQUALIZED VALUE per state Certification Report | 213,561 | | | | | |
| 123 | RATIO | 0.929 | 93.8378% | 92.8882% | 92.8882% | <i>2016 ratio</i> | 92.8882% |
| 124 | ASSESSED VALUE | 213,561 | 232,676 | 228,646 | 228,646 | | 248,882 |
| 125 | TAX RATE | 0.01275 | 1.34% | 0.01275 | 0.01275 | <i>2016 weighted average rate</i> | 0.01275 |
| 126 | | | #### | | | | |
| 127 | TAX | 2,723 | 2,723 | 3,109 | 2,915 | <i>2017 WA estimated property tax</i> | 3,173 |
| 128 | | | | | | | |
| 129 | IDAHO - GAS | 2016 ACTUAL | 2017 Estimate | 2017 Estimate | | <i>as originally filed</i> | 2018 Estimate |
| 130 | | | | | | | |
| 131 | HIST COST INDICATOR | | | | | | |
| 132 | ESTIMATED SYSTEM VALUE | 558,893 | 558,893 | 631,443 | 631,443 | <i>Actual per State DOR</i> | 631,443 |
| 133 | ADD : NET ADDITIONS TO PLANT | 66,240 | 66,240 | 0 | 0 | | 75,675 |
| 134 | LESS : DEPR EST | -27,000 | -27,000 | 0 | 0 | | -27,000 |
| 135 | TAXABLE PERCENTAGE | 100.0000% | 100.0000% | 100.0000% | 100.0000% | <i>Actual per State DOR</i> | 100.0000% |
| 136 | STATE ALLOCATION % | 18.4464% | 18.4464% | 18.3795% | 18.3795% | <i>Actual per State DOR</i> | 18.3795% |
| 137 | ALLOCATED VALUE | 103,096 | 110,334 | 116,056 | 116,056 | | 125,002 |
| 138 | add: adjustments | | | -100 | -100 | <i>Actual per State DOR</i> | |
| 139 | GROSS ASSESSED VALUE | 103,096 | 110,334 | 115,956 | 115,956 | | 125,002 |
| 140 | RATIO | 1.00 | 1.00 | 1.00 | 1.00 | | 1.00 |
| 141 | ASSESSED VALUE | 103,096 | 110,334 | 115,956 | 115,956 | <i>2016 weighted average rate</i> | 125,002 |
| 142 | TAX RATE | 0.01426 | 1.45% | 0.01426 | 0.01426 | <i>2016 weighted average rate</i> | 0.01426 |
| 143 | | | #### | | | | |
| 144 | TAX | 1,470 | 1,470 | 1,605 | 1,653 | <i>2017 ID estimated property tax</i> | 1,782 |
| 145 | | | | | | | |
| 146 | OREGON - GAS | 16/17 Actual | 17/18 Estimate | 17/18 Estimate | | <i>as originally filed</i> | 18/19 Estimate |
| 147 | | | | | | | |
| 148 | HIST COST OREGON | | | | | | |
| 149 | ESTIMATED STATE VALUE | 243,796 | 243,796 | 282,100 | 282,100 | <i>Actual per State DOR</i> | 282,100 |
| 150 | ADD : NET ADDs TO PLANT (OREGON ONLY) | 13,604 | 13,604 | 0 | 0 | | 17,148 |
| 151 | LESS : DEPR EST | 0 | 0 | 0 | 0 | | 0 |
| 152 | TAXABLE PERCENTAGE | 100.0000% | 100.0000% | 100.0000% | 100.0000% | | 100.0000% |
| 153 | STATE ALLOCATION % | 100.0000% | 100.0000% | 100.0000% | 100.0000% | | 100.0000% |
| 154 | STATE VALUE | 243,796 | 267,400 | 282,100 | 282,100 | | 299,248 |
| 155 | Adjustments: | | | | | | |
| 156 | GROSS ASSESSED VALUE | 243,796 | 267,400 | 282,100 | 282,100 | | 299,248 |
| 157 | RATIO | 1.000 | 1.000 | 1.000 | 1.000 | | 1.000 |
| 158 | ASSESSED VALUE | 243,796 | 267,400 | 282,100 | 282,100 | <i>2016/2017 weighted average rate</i> | 299,248 |
| 159 | TAX RATE | 0.013061 | 1.33% | 0.01306 | 0.01306 | | 0.01306 |
| 160 | | | #### | | | | |
| 161 | TAX | 3,184 | 3,184 | 3,429 | 3,684 | <i>2017/2018 OR estimated property tax</i> | 3,908 |
| 162 | | | | | | | |
| 163 | | | | | | <i>as originally filed</i> | 3731 |

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| | REVISED 2016-2020 at 12/06/2016 | <i>Link to Supplemental resp to DR 41 ACTUAL 2016 Amts</i> | AS ORIG FILED 2016-2020 at 12/06/2016 | Staff Calculation 2017 | <i>Link to supplemental resp to DR 40</i> | <i>Link to supplemental resp to DR 40 company comments</i> | REVISED 2016-2020 at 12/06/2016 |
|---|--|--|--|-----------------------------------|---|--|--|
| | in thousands | | in thousands | | | | in thousands |
| BOOK VALUE @ DEC YEAR ASSESSED YEAR TAX ACCRUED | 2015 2016 2016 | | 2016 2017 2017 | 2016 2017 2017 | | | 2017 2018 2018 |
| REVISI | 2016-2021 | | REVISI | 2016-2021 | | | REVISI |
| at 12/06/2016 | | | at 12/06/2016 | at 12/06/2016 | | | at 12/06/2016 |
| PROPERTY TAX ESTIMATES FOR 2016-2020 | | | | | | | |
| REVISI :To Rosemary Coulson ?? | | | | | | | |
| SUMMARY: | ACTUAL/Estimate | | Estimate | Estimate | | | Estimate |
| ELECTRIC: | 2016 | | 2017 | 2017 | | | 2018 |
| WASHINGTON | 12,678 | | 13,971 | 13,170 | 13,170 | | 13,700 |
| EST ADJ TO WASH | | | | | | | |
| IDAHO | 5,675 | | 6,289 | 6,175 | 6,175 | | 6,434 |
| MONTANA | 9,751 | | 10,590 | 10,043 | 10,043 | | 10,710 |
| OREGON - Transm line only | 10.5 | | 10.7 | 11 | 11 | | 11 |
| OREGON - Coyote Springs II | 2,515 | | 2,624.1 | 2,857 | 2,857 | | 2,857 |
| SUBTOTAL | 30,629 | | 33,485 | 32,255 | 32,255 | | 33,711 |
| GAS: | | | | | | | |
| WASHINGTON | 2,723 | | 3,109 | 2,915 | 2,915 | | 3,173 |
| IDAHO | 1,470 | | 1,605 | 1,653 | 1,653 | | 1,782 |
| OREGON | 3,184 | | 3,429 | 3,684 | 3,684 | | 3,908 |
| OTHER | 0 | | 0 | 0 | 0 | | 0 |
| SUBTOTAL | 7,377 | | 8,143 | 8,253 | 8,253 | | 8,864 |
| TOTAL EST TAX | 38,007 | | 41,628 | 40,508 | 40,508 | | 42,575 |

Line

No
 1
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Current Period
Expense

Commission Basis Expense - 2016

ALLOCATION

Washington Idaho Montana Oregon Colstrip Total

65.73% 34.27%
Washington Idaho Total

P/T:

| | | | | | | | | | |
|-----------|-----------|-----------|-----------|-----------|-------|------------|------------|-----------|------------|
| 408150 | 3,029,983 | 1,240,753 | 8,454,116 | 2,515,403 | 3,686 | 15,243,941 | 10,019,842 | 5,224,099 | 15,243,941 |
| 408180 | 2,852,494 | 1,366,616 | 1,296,883 | 10,105 | - | 5,526,099 | 3,632,305 | 1,893,794 | 5,526,099 |
| P/T Total | 5,882,477 | 2,607,369 | 9,750,999 | 2,525,509 | 3,686 | 20,770,040 | 13,652,147 | 7,117,893 | 20,770,040 |

Dist:

| | | | | | | | | | |
|--------|-----------|-----------|---|---|---|-----------|-----------|-----------|-----------|
| 408170 | 6,795,275 | 3,067,798 | - | - | - | 9,863,073 | 6,795,275 | 3,067,798 | 9,863,073 |
|--------|-----------|-----------|---|---|---|-----------|-----------|-----------|-----------|

Actual Per Results

| | | | | | | | | | |
|--|------------|-----------|-----------|-----------|-------|------------|------------|------------|------------|
| | 12,677,752 | 5,675,167 | 9,750,999 | 2,525,509 | 3,686 | 30,633,112 | 20,447,422 | 10,185,690 | 30,633,112 |
|--|------------|-----------|-----------|-----------|-------|------------|------------|------------|------------|

as originally filed 15,000,000 6,424,000 11,078,000 2,584,000 3,686 35,089,686

| | | | | | | | | | |
|----------------------------|------------|-----------|------------|-----------|-------|------------|------------|------------|------------|
| 2018 Period Expense | 13,700,228 | 6,433,995 | 10,709,660 | 2,867,152 | 3,686 | 33,714,721 | | | |
| P/T: | | | | | | | | | |
| 408150 | 3,274,355 | 1,406,655 | 9,285,275 | 2,855,680 | 3,686 | 16,825,650 | 11,059,500 | 5,766,150 | 16,825,650 |
| 408180 | 3,082,551 | 1,549,346 | 1,424,385 | 11,472 | - | 6,067,755 | 3,988,336 | 2,079,420 | 6,067,756 |
| P/T | 6,356,906 | 2,956,001 | 10,709,660 | 2,867,152 | 3,686 | 22,893,405 | 15,047,836 | 7,845,570 | 22,893,406 |
| Dist: | | | | | | | | | |
| 408170 | 7,343,322 | 3,477,994 | - | - | - | 10,821,316 | 7,343,322 | 3,477,994 | 10,821,316 |
| | 13,700,228 | 6,433,995 | 10,709,660 | 2,867,152 | 3,686 | 33,714,721 | 22,391,158 | 11,323,564 | 33,714,722 |

Adjustment

| | | | | | | | | | |
|--------------|-----------|---------|---------|---------|---|----------------------------|-----------|-----------|-----------|
| P/T: | | | | | | | | | |
| 408150 | 244,372 | 165,901 | 831,159 | 340,277 | - | 1,581,709 | 1,039,657 | 542,051 | 1,581,709 |
| 408180 | 230,057 | 182,731 | 127,502 | 1,367 | - | 541,657 | 356,031 | 185,626 | 541,657 |
| P/T | 474,429 | 348,632 | 958,661 | 341,644 | - | 2,123,366 | 1,395,689 | 727,677 | 2,123,366 |
| Dist: | | | | | | | | | |
| 408170 | 548,047 | 410,196 | - | - | - | 958,243 | 548,047 | 410,196 | 958,243 |
| | 1,022,476 | 758,828 | 958,661 | 341,644 | - | 3,081,609 | 1,943,736 | 1,137,873 | 3,081,609 |
| | | | | | | <i>as originally filed</i> | 2,458,073 | | |

Avista Utilities
 O&M Offsets - REVISED ON REBUTTAL
 Test Year Dec 31, 2016

O and M Offsets - Rebuttal Adjustment

Excludes Plant Additions for Customer Growth (Budget Category 1,000's)

| Plant Additions by Month | in (000's) | ER | Service | State | Electric WA Share | Gas WA Share | Total Offsets - 2018 | | | |
|---|------------|----|---------|-------|-------------------------|--------------------|----------------------|-------------------------|--------------------|--------------|
| | | | | | | | System Total | Electric WA Share | Gas WA Share | |
| Functional Plant Categories | | | | | | | | | | |
| Electric Transmission | | | | | | | | | | |
| System Transmission Rebuild Condition | 2423 | | ED | AN | 65.73% | | 33,000 | 21,691 | | |
| Benton-Othello 115kV Reconductor | 2457 | | ED | AN | 65.73% | | 10,000 | 6,573 | | |
| Electric Transmission Subtotal | | | | | | | | 43,000 | 28,264 | |
| Electric Distribution | | | | | | | | | | |
| Wood Pole Mgmt | 2060 | | ED | AN | 65.73% | | 68,400 | 44,959 | - | |
| Street Light Conversion to LED Fixtures | 2584 | | ED | AN | | | 1,060,249 | 800,038 | - | |
| Electric Distribution Subtotal | | | | | | | | 1,128,649 | 844,997 | - |
| General: | | | | | | | | | | |
| Downtown Network New Warehouse/Ops Bldg | 7139 | | ED | WA | 100.00% | 0.00% | 210,000 | 210,000 | - | |
| Information Technology refresh | 5005 | | CD | AA | 48.69% | 14.03% | 37,000 | 18,017 | 5,190 | |
| General Plant Subtotal | | | | | | | | 247,000 | 228,017 | 5,190 |
| Subtotal Offsets | | | | | | | | | | |
| Rebuttal Adjustment to Expense | | | | | | | 1,418,649 | 1,101,278 | 5,190 | |
| As-Filed | | | | | | | | 987,017 | 31,761 | |
| Difference from as-filed | | | | | | | | 114,261 | (26,571) | |
| Impact on revenue requirement | | | | | | | | (119,790) | 27,856 | |



Mike Kadas
Director

Montana Department of Revenue



Steve Bullock
Governor

Senate Bill (SB) 363

Hydroelectric Facilities Tax Reporting Requirements

SB 363 passed by the 65th Legislative Session and signed by the governor May 18, 2017, in part establishes a hydroelectric facility fee and a fee for hydroelectric-dependent utilities (Co-ops) to provide revenue sources to prevent and control aquatic invasive species. Between July 1, 2017 and June 30, 2019, those required hydroelectric facilities and hydroelectric-dependent utilities will pay a quarterly invasive species fee determined by the department.

Hydroelectric facilities required to pay the invasive species fee will pay a fee of \$795.96 per megawatt of their Montana facilities total nameplate capacity each quarter for the two years. That means the same quarterly total fee amount will be paid each quarter unless your total Montana nameplate capacity changes during the two year period.

We will collect these fees for the next 2 years on the Electrical Energy Producers License Tax (EEL) reporting form. This form has been modified to permit your business to report and pay their invasive species fee. The form and payment of the fee is to be made just like the EEL tax, within 30 days after the end of each quarterly period. The quarterly periods end March 31, June 30, September 30, and December 31 of each year.

The new EEL form will be out on our web site by the end of the third quarter in September 2017. The new reporting form will also be ready for you to electronically file and report through our TransAction Portal (TAP) process.

The following summary shows the hydroelectric facilities that will be paying the invasive species fee along with their total Montana nameplate megawatt capacity that was provided to the department:

| | |
|---------------------|--------|
| Avista | 488.00 |
| Northwestern Energy | 442.00 |
| MT DNRC | 10.00 |
| Tiber | 7.50 |
| PacifiCorp | 4.60 |
| Northern Lights | 4.50 |
| Hydrodynamics | 4.00 |

Please contact Keith Broussard at (406) 444-3585 kbroussard@mt.gov or Van Charlton at (406) 444-3584 vcharlton@mt.gov if you have any questions.

Montana Hydro Fee

Hydro Fee related to Montana Senate Bill #363

Invasive mussel larvae were confirmed to be present in Tiber Reservoir and suspected in Canyon Ferry Reservoir for the first time in Montana during the fall of 2015. The timing of this discovery was just a few months prior to the Montana legislature, which meets every other year.

As a result of this discovery, Montana's Governor Bullock declared a state of emergency, and set up an Incident Command System (ICS) to determine next steps to prepare the state to contain the current infestation, and prevent the spread of invasive mussels to the Columbia River basin (west of the continental divide).

As a result of the ICS process, Montana Fish Wildlife and Parks developed an enhanced Aquatic Invasive Species (AIS) program, consisting primarily of establishing a new AIS bureau, hiring a new bureau chief, and hiring additional staff for additional boat check stations throughout the state. The estimated cost of this new program is \$11 million over the next two years.

The Montana legislature was charged with finding the funding mechanisms for this new program, through Senate Bill (SB) 363. SB 363 established an Aquatic Invasive Species Prevention Pass (requirement for both in state and out of state fishing licenses), a Hydroelectric Facility Fee, and a Hydroelectric-Dependent Utility Fee.

Avista's Noxon Rapids Dam falls under the Hydroelectric Facility Fee. The fee is based on FERC approved Name Plate Capacity, which for Noxon is 488 MW. The fee is to be paid quarterly to the State at \$795.96 per MW (\$388,428.48), starting July 1, 2017 through June 30, 2019.

Planned expenses

WA share = \$255,314 qtrly / \$1,021,256 annually. (\$1.021M (2018))