

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-160228

EXHIBIT NO. ____ (EMA-9)

ELIZABETH M. ANDREWS

REPRESENTING AVISTA CORPORATION

AVISTA
2018 UPDATED WASHINGTON ELECTRIC ATTRITION STUDY
Calculation of General Revenue Requirement
Twelve Months Ended December 31, 2015
(000's of Dollars)

Line No.	Description	(a) Attrition Balances	(b) Revenue Growth Factor	(c) Attrition Study Results	(d) 2017 Attrition Results	(e) 6 Months - 06.2018 Revenue
1	2018 Rate Base	\$1,515,049	1.018986	\$1,486,821		
2	Rate of Return			7.68%		
3	Net Operating Income Requirement			\$114,188		
4	2018 Net Operating Income (at 2016 rates)	<u>\$84,432</u>	1.018986	<u>\$82,859</u>		
5	2018 Rate of Return (at 2016 rates)			5.57%		
6	2018 Net Operating Income Deficiency (Surplus)			\$31,329		
7	Gross-up Conversion Factor			0.61931		
8	2018 Attrition Revenue Deficiency			\$50,586	\$40,101	\$10,485
9	2018 Total General Business Revenues (at 2016 rates)			\$495,064	\$495,064	\$535,165
10	Attrition-based 2018 revenue requirement			\$545,650		\$545,650
11	Percent Revenue Requirement Change			10.22%	8.10%	3.90%

(1) The Company is not requesting a higher increase than its original filing of \$38.6 million for 2017 and \$10.3 million for January to June 2018 (6 months).

Proposed Cost of Capital

Washington - Electric System

Twelve Months Ended December 31, 2015

Proposed Cap Structure*			
<u>Component</u>	<u>Capital Structure</u>	<u>Cost</u>	<u>Weighted Cost</u>
Total Debt	51.50%	5.59%	2.88%
Common	48.50%	9.90%	4.80%
Total	<u>100.00%</u>		<u>7.68%</u>

*Based on 2017 estimated capital structure and cost of debt.

UPDATED 08/1/2016

Revenue Conversion Factor
Washington - Electric System
Twelve Months Ended December 31, 2015

Line No.	Description	Factor
1	Revenues	<i>1.000000</i>
	Expense:	
2	Uncollectibles	0.006739
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038473
5	Total Expense	<u>0.047212</u>
6	Net Operating Income Before FIT	<i>0.952788</i>
7	Federal Income Tax @ 35%	<u>0.333476</u>
8	REVENUE CONVERSION FACTOR	<u><u>0.619312</u></u>

2018 UPDATED ELECTRIC ATTRITION REVENUE REQUIREMENT

Line Number	DESCRIPTION	Determine Base Cost and Revenue to Escalate						Escalate Non-Energy Cost			Other Cost & Revenue Adjs.					
		12ME 12.2015 AMA Commission Basis Report Totals ¹	(less) 12.2015 Normalized Net Power Supply Cost	Deferred Dr/Cr; Reg. Amorts & Misc Adjs	Net Retired Meter Deferral & Amort Adjustment	Remove November 2015 Storm Expenses ²	Pro Forma Revenue Normalization Adjustment	12ME 12.2015 AMA Escalation Base	Escalation Factor	Non-Energy Cost Escalation Amount [G]*[H]=[I]	Trended 12ME 06.2018 AMA Non-Energy Cost [G]+[I]=[J]	(plus) 12ME 06.2018 Pro-Formed Net Energy Cost	(plus) Revenue Growth	After Attrition Adj. Spokane River Projects (2017) ⁴	After Attrition Adj AMI Capital Project (2017)	12ME 06.2018 AMA Revenue and Cost [J]+[K]+[L]+[M]+[N] = [O]
		[A]	[B]	[C] REVISED	[D] REMOVED	[E] ADDED	[F] REVISED	[G]	[H]	[I]	[J]	[K] REVISED	[L] REVISED	[M] REVISED	[N] REVISED	[O]
REVENUES																
1	Total General Business	\$ 497,229					\$ (3,093)	\$ 494,136	1.90%		\$ 494,136		\$ 9,382			\$ 503,518
2	Interdepartmental Sales	\$ 928					\$ -	\$ 928	1.90%		\$ 928		\$ 18			\$ 946
3	Sales for Resale	\$ 49,505	\$ (49,505)				\$ -	\$ -					\$ 37,647	\$ (3,099)		\$ 34,548
4	Subtotal: Sales of Electricity	\$ 547,662	\$ (49,505)				\$ (3,093)	\$ 495,064			\$ 495,064	\$ 37,647	\$ 6,300	\$ -		\$ 539,011
5	Other Revenue	\$ 16,920	\$ (10,779)				\$ (3,691)	\$ 2,450	0.00%		\$ 2,450	\$ 10,890	\$ -			\$ 13,340
6	Total Electric Revenue	\$ 564,582	\$ (60,284)	\$ -	\$ -	\$ -	\$ (6,784)	\$ 497,514			\$ 497,514	\$ 48,537	\$ 6,300	\$ -		\$ 552,351
EXPENSES																
Production and Transmission																
7	Operating Expenses	\$ 140,485	\$ (89,988)	\$ 468			\$ -	\$ 50,965	10.16%	\$ 5,181	\$ 56,146	\$ 83,684	\$ 2			\$ 139,832
8	Purchased Power	\$ 85,107	\$ (85,107)				\$ -	\$ -		\$ -	\$ -	\$ 73,143	\$ 1,003			\$ 74,146
9	Depreciation/Amortization	\$ 24,947			\$ -	\$ -	\$ -	\$ 24,947	11.70%	\$ 2,918	\$ 27,865		\$ 1,255			\$ 29,120
10	Regulatory Amortization	\$ 5,974		\$ (2,374)	\$ -		\$ -	\$ 3,600	0.00%	\$ -	\$ 3,600					\$ 3,600
11	Taxes	\$ 14,133					\$ -	\$ 14,133	13.38%	\$ 1,890	\$ 16,023					\$ 16,023
12	Subtotal: Production and Transmission	\$ 270,646	\$ (175,095)	\$ (1,906)	\$ -	\$ -	\$ -	\$ 93,645		\$ 9,989	\$ 103,634	\$ 156,827	\$ 1,005	\$ 1,255	\$ -	\$ 262,721
Distribution																
13	Operating Expenses	\$ 24,056				\$ (2,303)	\$ -	\$ 21,753	10.16%	\$ 2,211	\$ 23,964					\$ 23,964
14	Depreciation/Amortization	\$ 25,379			\$ -	\$ -	\$ -	\$ 25,379	11.70%	\$ 2,968	\$ 28,347				\$ 176	\$ 28,523
15	Regulatory Amortizations	\$ -			\$ -		\$ -	\$ -	0.00%	\$ -	\$ -					\$ -
16	Taxes	\$ 27,448		\$ -			\$ (119)	\$ 27,329	13.38%	\$ 3,655	\$ 30,984		\$ 361			\$ 31,345
17	Subtotal: Distribution	\$ 76,883	\$ -	\$ -	\$ -	\$ (2,303)	\$ (119)	\$ 74,461		\$ 8,835	\$ 83,296	\$ -	\$ 361	\$ -	\$ 176	\$ 83,833
18	Customer Accounting	\$ 12,363					\$ (21)	\$ 12,342	10.16%	\$ 1,255	\$ 13,597		\$ 63			\$ 13,660
19	Customer Service & Information	\$ 1,454					\$ -	\$ 1,454	10.16%	\$ 148	\$ 1,602					\$ 1,602
20	Sales Expenses	\$ -					\$ -	\$ -	10.16%	\$ -	\$ -					\$ -
Administrative & General																
21	Operating Expenses	\$ 49,942		\$ (625)			\$ (6)	\$ 49,311	10.16%	\$ 5,012	\$ 54,323		\$ 19			\$ 54,342
22	Depreciation/Amortization	\$ 21,503				\$ -	\$ -	\$ 21,503	11.70%	\$ 2,515	\$ 24,018				\$ 2,536	\$ 26,554
23	Taxes	\$ -					\$ -	\$ -	13.38%	\$ -	\$ -					\$ -
24	Subtotal: A&G	\$ 71,445	\$ -	\$ (625)	\$ -	\$ -	\$ (6)	\$ 70,814		\$ 7,527	\$ 78,341	\$ -	\$ 19	\$ -	\$ 2,536	\$ 80,896
25	Total Electric Expenses	\$ 432,791	\$ (175,095)	\$ (2,531)	\$ -	\$ (2,303)	\$ (146)	\$ 252,716		\$ 27,753	\$ 280,469	\$ 156,827	\$ 1,448	\$ 1,255	\$ 2,712	\$ 442,711
26	OPERATING INCOME BEFORE FIT	\$ 131,791	\$ 114,811	\$ 2,531	\$ -	\$ 2,303	\$ (6,638)	\$ 244,798		\$ (27,753)	\$ 217,045	\$ (108,290)	\$ 4,852	\$ (1,255)	\$ (2,712)	\$ 109,640

¹Workpapers for 12.2015 Commission Basis Reports provided with Staff_DR_030.

²November 2015 Storm expenses were removed for trending purposes and from Escalation Base.

2018 UPDATED ELECTRIC ATTRITION REVENUE REQUIREMENT

CBR Line Number	\$000s		Determine Base Cost and Revenue to Escalate					Escalate Non-Energy Cost			Other Cost & Revenue A				
	12.2014 Commission Basis Report Restated Totals ¹	(less) 12.2015 Normalized Net Power Supply Cost	Deferred Dr/Cr; Reg. Amorts & Misc Adj	Net Retired Meter Deferral & Amort Adjustment	Remove November 2015 Storm Expenses ²	Pro Forma Revenue Normalization Adjustment	12ME 12.2015 AMA Escalation Base	Escalation Factor	Non-Energy Cost Escalation Amount [G]*[H]=[I]	Trended 12ME 06.2018 AMA Non-Energy Cost [G]+[I]=[J]	(plus) 12ME 06.2018 Pro-Formed Net Energy Cost	(plus) Revenue Growth	After Attrition Adj. Spokane River Projects (2017) ⁴	After Attrition Adj AMI Capital Project (2017)	12ME 06.2018 AMA Revenue and Cost [J]+[K]+[L]+[M]+[N] = [O]
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]
	Federal Income Tax														
26	\$ 4,968	\$ 40,184	\$ 1,930	\$ -	\$ 806	\$ (2,323)	\$ 45,565		\$ (9,714)	\$ 35,851	\$ (37,902)	\$ 1,698	\$ (439)	\$ (949)	\$ (1,740)
27	\$ 1	\$ -	\$ 123	\$ -	\$ -	\$ -	\$ 124		\$ (1,885)	\$ (1,761)			\$ (543)	\$ (89)	\$ (2,393)
28	\$ 29,492	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,492		\$ -	\$ 29,492					\$ 29,492
29	\$ (129)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (129)		\$ -	\$ (129)			\$ (22)	\$ -	\$ (151)
30															
31	\$ 97,459	\$ 74,627	\$ 478	\$ -	\$ 1,497	\$ (4,315)	\$ 169,746		\$ (16,155)	\$ 153,591	\$ (70,389)	\$ 3,154	\$ (250)	\$ (1,674)	\$ 84,432
	RATE BASE														
	Plant in Service														
			(3)												
32	\$ 144,970	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,970	9.85%	\$ 14,279	\$ 159,249				\$ 4,891	\$ 164,140
33	\$ 779,441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 779,441	9.85%	\$ 76,772	\$ 856,213		\$ 67,095			\$ 923,308
34	\$ 401,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 401,700	9.85%	\$ 39,566	\$ 441,266					\$ 441,266
35	\$ 895,055	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 895,055	9.85%	\$ 88,159	\$ 983,214				\$ 2,638	\$ 985,852
36	\$ 212,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212,726	9.85%	\$ 20,953	\$ 233,679				\$ 6,104	\$ 239,783
37	\$ 2,433,892	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,433,892		\$ 239,728	\$ 2,673,620			\$ 67,095	\$ 13,633	\$ 2,754,348
	Accumulated Depreciation and Amortization														
38	\$ (24,943)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (24,943)	9.85%	\$ (2,457)	\$ (27,400)				\$ (544)	\$ (27,944)
39	\$ (342,899)	\$ 2,293	\$ -	\$ -	\$ -	\$ -	\$ (340,606)	9.85%	\$ (33,548)	\$ (374,154)		\$ (722)			\$ (374,876)
40	\$ (129,936)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (129,936)	9.85%	\$ (12,798)	\$ (142,734)					\$ (142,734)
41	\$ (273,578)	\$ 2,276	\$ -	\$ -	\$ -	\$ -	\$ (271,302)	9.85%	\$ (26,722)	\$ (298,024)				\$ (88)	\$ (298,112)
42	\$ (73,050)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (73,050)	9.85%	\$ (7,195)	\$ (80,245)				\$ (723)	\$ (80,968)
43	\$ (844,406)	\$ -	\$ 4,569	\$ -	\$ -	\$ -	\$ (839,837)		\$ (82,721)	\$ (922,558)			\$ (722)	\$ (1,355)	\$ (924,635)
44	\$ 1,589,486	\$ -	\$ 4,569	\$ -	\$ -	\$ -	\$ 1,594,055		\$ 157,008	\$ 1,751,063			\$ 66,373	\$ 12,278	\$ 1,829,714
45	(317,860)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (317,860)	9.85%	\$ (31,308)	\$ (349,168)			\$ (12,459)	\$ (3,486)	\$ (365,113)
46	\$ 1,271,626	\$ -	\$ 4,569	\$ -	\$ -	\$ -	\$ 1,276,195	\$ 0	\$ 125,700	\$ 1,401,895			\$ 53,914	\$ 8,792	\$ 1,464,601
47	7,458	\$ (5,220)	\$ -	\$ -	\$ -	\$ -	\$ 2,238	0.00%	\$ -	\$ 2,238					\$ 2,238
48	59,722	\$ (11,512)	\$ -	\$ -	\$ -	\$ -	\$ 48,210	0.00%	\$ -	\$ 48,210					\$ 48,210
49	\$ 1,338,806	\$ -	\$ (12,163)	\$ -	\$ -	\$ -	\$ 1,326,643		\$ 125,700	\$ 1,452,343			\$ 53,914	\$ 8,792	\$ 1,515,049
	¹ Workpapers for 12.2015 Commission Basis Reports provided with Staff_DR_030 - Attachment G. ³ Includes Plant Held for Future Use.														
50	RATE OF RETURN	7.28%										7.090	3.794	5.57%	1,479,712
	ATTRITION ADJUSTED REVENUE REQUIREMENT														
50	Proposed Rate of Return													7.68%	7,109
51	Return on Plant in Service at Proposed Rate														Pro Forma
52	Operating Income Deficiency														\$ 31,923
53	Revenue Conversion Factor														0.61931
54	Revenue Requirement														\$ 51,547
55	Revenue Growth Factor														1.018986
56	Attrition Adjusted Revenue Requirement														\$ 50,586

ELECTRIC COST AND REVENUE TREND CALCULATIONS 2007-2015

AVISTA UTILITIES

Commission Basis Results of Operations

(000'S OF DOLLARS)										UPDATED
Line		2007	2008	2009	2010	2011	2012	2013	2014	12.2015
No. REVENUES										
1	Total General Business	\$326,335	\$365,425	\$402,618	\$415,740	\$451,837	\$459,266	\$468,006	\$488,372	\$497,229
2	Interdepartmental Sales	739	820	872	790	820	816	884	922	928
3	Sales for Resale	34,954	46,848	31,491	133,479	52,604	54,549	75,349	60,998	49,505
4	Total Sales of Electricity	362,028	413,093	434,981	550,009	505,261	514,631	544,239	550,292	547,662
5	Other Revenue	10,170	10,927	9,395	11,786	13,666	13,089	13,408	17,163	16,920
6	Total Electric Revenue	372,198	424,020	444,376	561,795	518,927	527,720	557,647	567,455	564,582
EXPENSES										
Production and Transmission										
7	Operating Expenses	102,890	117,123	87,599	147,107	145,634	131,795	143,904	120,307	140,485
8	Purchased Power	65,640	72,508	100,437	142,197	91,142	101,283	109,034	116,643	85,107
9	Depreciation/Amortization	24,877	23,076	23,969	25,008	25,158	25,680	23,284	23,715	24,947
10	Regulatory Amortization	(3,082)	(1,076)	(1,703)	(2,879)	403	(7,744)	8,629	8,101	5,974
11	Taxes	8,319	8,146	9,014	9,955	10,846	11,456	12,913	12,828	14,133
12	Total Production & Transmission	198,644	219,777	219,316	321,388	273,183	262,470	297,764	281,594	270,646
Distribution										
13	Operating Expenses	14,563	17,329	17,267	18,354	19,081	21,152	20,878	21,299	24,056
14	Depreciation/Amortization	11,333	15,611	16,809	17,985	19,240	20,749	22,303	23,794	25,379
15	Taxes (1)	16,156	17,416	18,216	20,029	22,459	22,699	23,809	25,821	27,448
16	Total Distribution	42,052	50,356	52,292	56,368	60,780	64,600	66,990	70,914	76,883
17	Customer Accounting	7,514	7,919	9,646	9,261	10,275	10,336	11,334	11,166	12,363
18	Customer Service & Information	7,472	12,847	19,736	20,832	21,292	18,487	1,516	1,383	1,454
19	Sales Expenses	682	571	660	176	4	5	5	0	0
Administrative & General										
20	Operating Expenses	35,844	35,982	38,461	44,662	44,779	49,333	43,310	46,210	49,942
21	Depreciation/Amortization	6,739	7,187	7,688	9,277	10,906	12,517	14,721	16,947	21,503
22	Taxes	(9)	(3)	(3)	2	0	(4)	0	0	0
23	Total Admin. & General	42,574	43,166	46,146	53,941	55,685	61,846	58,031	63,157	71,445
24	Total Electric Expenses	298,938	334,636	347,796	461,966	421,219	417,744	435,640	428,214	432,791
25	OPERATING INCOME BEFORE FIT	73,260	89,384	96,580	99,829	97,708	109,976	122,007	139,241	131,791
FEDERAL INCOME TAX										
26	Current Accrual	5,070	(6,217)	(1,846)	9,263	6,569	11,499	19,267	(7,683)	4,968
27	Debt Interest	0	0	0	0	207	70	1	(136)	1
28	Deferred Income Taxes	6,497	26,634	23,983	13,823	16,402	15,684	10,613	46,085	29,492
29	Amortized ITC - Noxon	0	0	(58)	(83)	(99)	(128)	(130)	(128)	(469)
30	Levelized Settlement Exchange Power	0	0	0	0	0	0	0	(109)	0
31	NET OPERATING INCOME	\$61,693	\$68,967	\$74,501	\$76,826	\$74,629	\$82,850	\$92,256	\$101,212	\$97,799

Note: The Regulatory Amortization Category has been restated in prior years to reflect consistency with the current reporting format.

(1) Corrected excise tax error 2009-2015.

ELECTRIC COST AND REVENUE TREND CALCULATIONS 2007-2015

AVISTA UTILITIES

Commission Basis Results of Operations

(000'S OF DOLLARS)

Line No	RATE BASE	2007	2008	2009	2010	2011	2012	2013	2014	12.2015
	PLANT IN SERVICE									
32	Intangible	\$20,632	\$23,321	\$57,116	\$81,955	\$84,081	\$85,247	\$91,466	\$102,620	\$144,970
33	Production	645,576	657,099	677,646	692,689	706,894	717,448	738,315	746,101	779,441
34	Transmission	259,532	289,302	301,090	312,505	328,012	342,382	359,941	371,971	401,700
35	Distribution	529,067	561,248	602,201	642,143	696,082	743,732	796,640	842,795	895,055
36	General	81,368	91,205	98,727	120,996	140,218	155,104	179,134	196,867	212,726
37	Total Plant in Service	1,536,175	1,622,175	1,736,780	1,850,288	1,955,287	2,043,913	2,165,496	2,260,354	2,433,892
	ACCUMULATED DEPRECIATION/AMORT									
38	Intangible	na	na	na	na	3,744	4,369	17,667	20,242	24,943
39	Production	na	na	na	na	286,300	300,170	314,599	325,531	342,899
40	Transmission	na	na	na	na	111,144	116,316	122,308	123,869	129,936
41	Distribution	na	na	na	na	209,101	221,408	236,201	252,722	273,578
42	General	na	na	na	na	56,694	61,871	58,357	65,720	73,050
43	Total Accumulated Depreciation	526,307	557,426	585,821	629,399	666,983	704,134	749,132	788,084	844,406
44	NET PLANT	1,009,868	1,064,749	1,150,959	1,220,889	1,288,304	1,339,779	1,416,364	1,472,270	1,589,486
45	DEFERRED TAXES	(139,033)	(147,502)	(163,716)	(184,825)	(201,163)	(208,209)	(221,354)	(257,766)	(317,860)
46	Net Plant After Deferred Income Taxes	870,835	917,247	987,243	1,036,064	1,087,141	1,131,570	1,195,010	1,214,504	1,271,626
47	DEFERRED DEBITS AND CREDITS	21,020	19,593	17,776	17,776	18,845	16,438	14,761	10,846	7,458
48	WORKING CAPITAL	0	0	0	18,188	31,877	10,967	16,281	47,807	59,722
49	TOTAL RATE BASE	\$891,855	\$936,840	\$1,005,019	\$1,072,028	\$1,137,863	\$1,158,975	\$1,226,052	\$1,273,157	\$1,338,806
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Note: The Deferred Debits and Credits Category has been restated in prior years to reflect consistency with the current reporting format.

ELECTRIC COST AND REVENUE TREND CALCULATIONS 2007-2015

AVISTA UTILITIES WASHINGTON ELECTRIC RESULTS

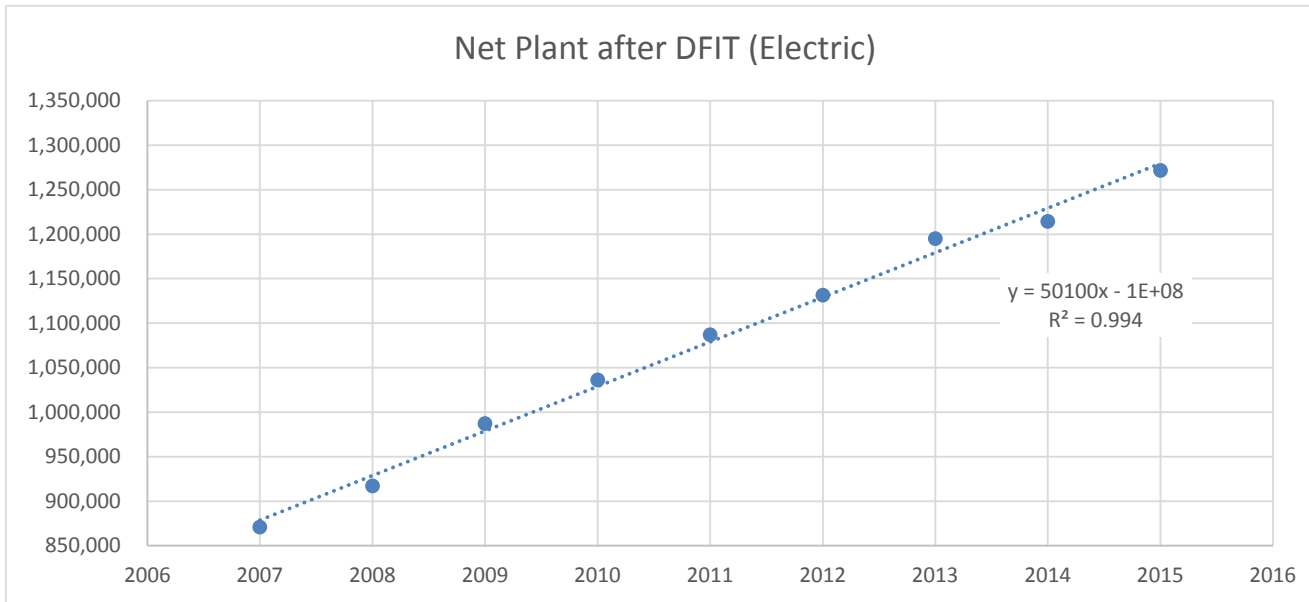
(000'S OF DOLLARS)

Electric Data for Escalators

Line No.			2007	2008	2009	2010	2011	2012	2013	2014	12.2015
Exclude Power Supply and Adder Schedule Expenses (DSM Tariff Rider and Residential Exchange Credit) from O&M											
1	Production/Transmission	CBR Ln 7	102,890	117,123	87,599	147,107	145,634	131,795	143,904	120,307	140,485
2	Purchased Power	CBR Ln 8	65,640	72,508	100,437	142,197	91,142	101,283	109,034	116,643	85,107
3	Distribution	CBR Ln 13	14,563	17,329	17,267	18,354	19,081	21,152	20,878	21,299	24,056
4	Customer Accounting	CBR Ln 17	7,514	7,919	9,646	9,261	10,275	10,336	11,334	11,166	12,363
5	Customer Service and Information	CBR Ln 18	7,472	12,847	19,736	20,832	21,292	18,487	1,516	1,383	1,454
6	Sales	CBR Ln 19	682	571	660	176	4	5	5	0	0
7	Administrative and General	CBR Ln 20	35,844	35,982	38,461	44,662	44,779	49,333	43,310	46,210	49,942
8	Total Operating & Maintenance Expenses		234,605	264,279	273,806	382,589	332,207	332,391	329,981	317,008	313,407
9	Deduct Power Supply Expenses		(135,719)	(152,984)	(146,538)	(249,369)	(188,583)	(180,834)	(201,471)	(186,117)	(175,095)
10	Deduct DSM Tariff Rider Expenses		(6,711)	(12,172)	(19,005)	(19,612)	(20,235)	(17,018)	0	0	0
11	Deduct Res X Credit Expenses		37	24	27	41	31	55	0	0	0
12	Adjusted Operating Expenses		92,212	99,146	108,289	113,650	123,419	134,594	128,510	130,891	138,312
			3.81%	7.52%	9.22%	4.95%	8.60%	9.06%	-4.52%	1.85%	5.67%
Depreciation/Amortization											
13	Production/Transmission	CBR Ln 9	24,877	23,076	23,969	25,008	25,158	25,680	23,284	23,715	24,947
14	Distribution	CBR Ln 14	11,333	15,611	16,809	17,985	19,240	20,749	22,303	23,794	25,379
15	Administrative and General	CBR Ln 21	6,739	7,187	7,688	9,277	10,906	12,517	14,721	16,947	21,503
16	Total Depreciation/Amortization		42,949	45,874	48,466	52,270	55,304	58,946	60,308	64,456	71,829
			2.72%	6.81%	5.65%	7.85%	5.80%	6.59%	2.31%	6.88%	11.44%
Exclude Adder Schedule amortizations (Residential Exchange Credit) from Regulatory Amortizations											
17	Regulatory Amortizations	CBR Ln 10	(3,082)	(1,076)	(1,703)	(2,879)	403	(7,744)	8,629	8,101	5,974
18	Deduct Res X Credit amortization		5,582	3,576	4,005	6,244	4,610	8,327	0	0	0
19	Adjusted Regulatory Amortizations		2,500	2,500	2,302	3,365	5,013	583	8,629	8,101	5,974
Exclude Adder Schedule excise taxes (DSM Tariff Rider and Residential Exchange Credit) from Taxes Other Than Income Tax											
20	Production/Transmission	CBR Ln 11	8,319	8,146	9,014	9,955	10,846	11,456	12,913	12,828	14,133
21	Distribution (1)	CBR Ln 15	16,156	17,416	18,216	20,029	22,459	22,699	23,809	25,821	27,448
22	Administrative and General	CBR Ln 22	(9)	(3)	(3)	2	0	(4)	0	0	0
23	Total Taxes Other Than Income Tax		24,466	25,559	27,227	29,986	33,305	34,151	36,722	38,649	41,581
24	Deduct DSM Tariff Rider Excise Tax		(269)	(488)	(762)	(787)	(812)	(683)	0	0	0
25	Deduct Res X Credit Excise Tax		225	144	162	252	186	336	0	0	0
26	Adjusted Taxes Other Than Income Tax		24,422	25,215	26,626	29,451	32,680	33,805	36,722	38,649	41,581
	(1) Corrected excise tax error 2009-2015.		-3.93%	3.25%	5.60%	10.61%	10.96%	3.44%	8.63%	5.25%	7.59%
27	Net Plant After Deferred Income Tax	CBR Ln 46	870,835	917,247	987,243	1,036,064	1,087,141	1,131,570	1,195,010	1,214,504	1,271,626
			1.77%	5.33%	7.63%	4.95%	4.93%	4.09%	5.61%	1.63%	4.70%
28	Total Rate Base	CBR Ln 49	891,855	936,840	1,005,019	1,072,028	1,137,863	1,158,975	1,226,052	1,273,157	1,338,806
			1.98%	5.04%	7.28%	6.67%	6.14%	1.86%	5.79%	3.84%	5.16%
Exclude Power Supply and Transmission Wheeling from Other Operating Revenue											
29	Other Operating Revenue	CBR Ln 5	10,170	10,927	9,395	11,786	13,666	13,089	13,408	17,163	16,920
30	Deduct Decoupling Deferred Revenue and Provision for Rate Refund										(3,691)
31	Deduct Power Supply Other Revenue		(221)	(1,839)	(448)	(640)	(1,752)	(1,489)	(282)	(3,062)	(267)
32	Deduct Transmission Other Revenue		(6,876)	(6,213)	(6,133)	(8,333)	(9,102)	(8,285)	(9,662)	(10,622)	(10,512)
33	Adjusted Other Revenue		3,073	2,875	2,814	2,813	2,812	3,315	3,464	3,479	2,450
			3.96%	-6.44%	-2.13%	-0.02%	-0.03%	17.86%	4.50%	0.42%	-29.56%

Avista Proposed Based on Commission Order No. 05 Docket, No. UE-150204

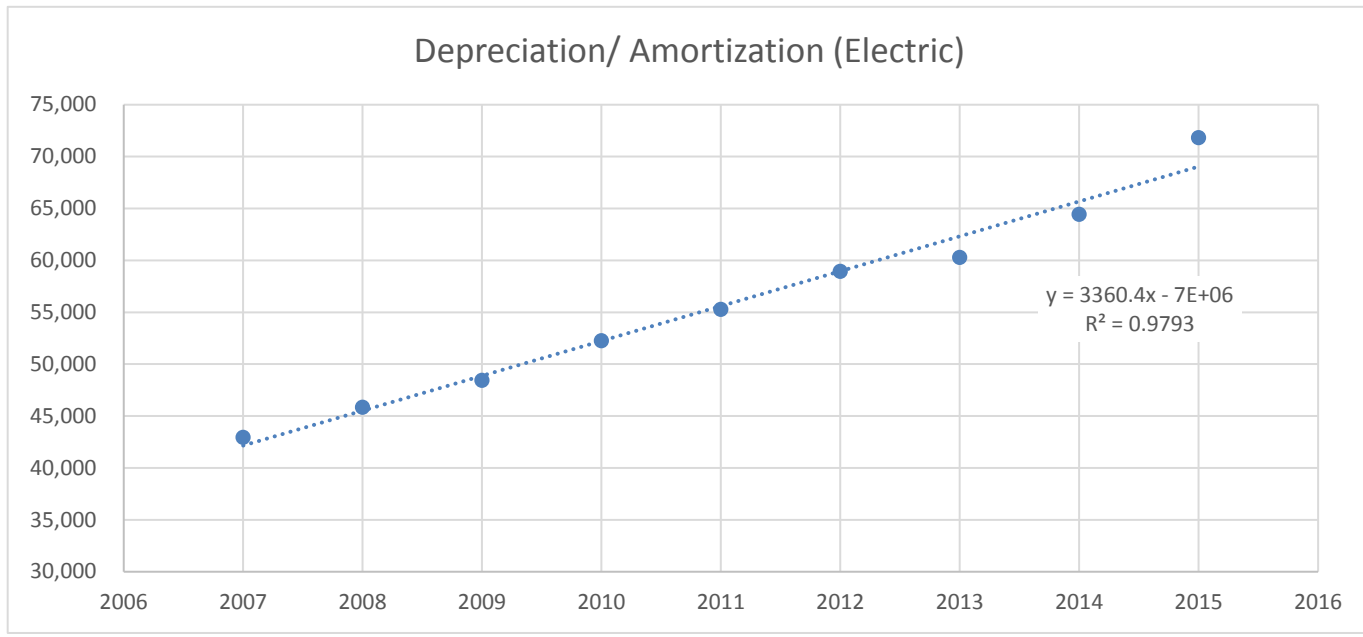
	2007	2008	2009	2010	2011	2012	2013	2014	12.2015 2015
Net Plant after DFIT	870,835	917,247	987,243	1,036,064	1,087,141	1,131,570	1,195,010	1,214,504	1,271,626
								Per CBR	UPDATED
Annual Increase (slope below)	50,100								
Rate (Annual)	3.94%								
Rate (2.5-year, to 2018 6ME 6/2018)	9.85%		(Escalation Factor)						



Avista Proposed Based on Commission Order No. 05 Docket, No. UE-150204

	2007	2008	2009	2010	2011	2012	2013	2014	12.2015 2015
Depreciation/ Amortization	42,949	45,874	48,466	52,270	55,304	58,946	60,308	64,456	71,829
									UPDATED

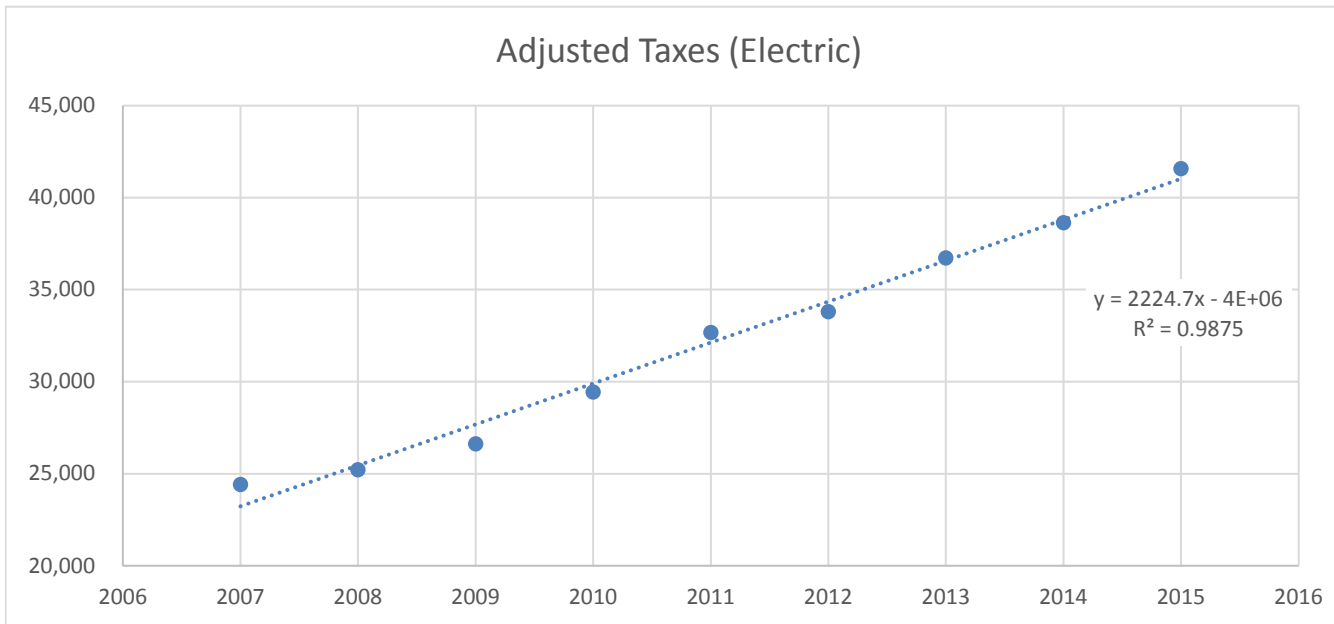
Annual Increase (slope below) 3,360.4
 Rate (Annual) 4.68%
 Rate (2.5-year, to 2018 6ME 6/2018) **11.70%** (Escalation Factor)



Avista Proposed Based on Commission Order No. 05 Docket, No. UE-150204

	2007	2008	2009	2010	2011	2012	2013	2014	12.2015 2015
Adjusted Taxes	24,422	25,215	26,626	29,451	32,680	33,805	36,722	38,649	41,581
									UPDATED (1)

Annual Increase (slope below) 2,224.7
 Rate (Annual) 5.35%
 Rate (2.5-year, to 2018 6ME 6/2018) **13.38%** (Escalation Factor)

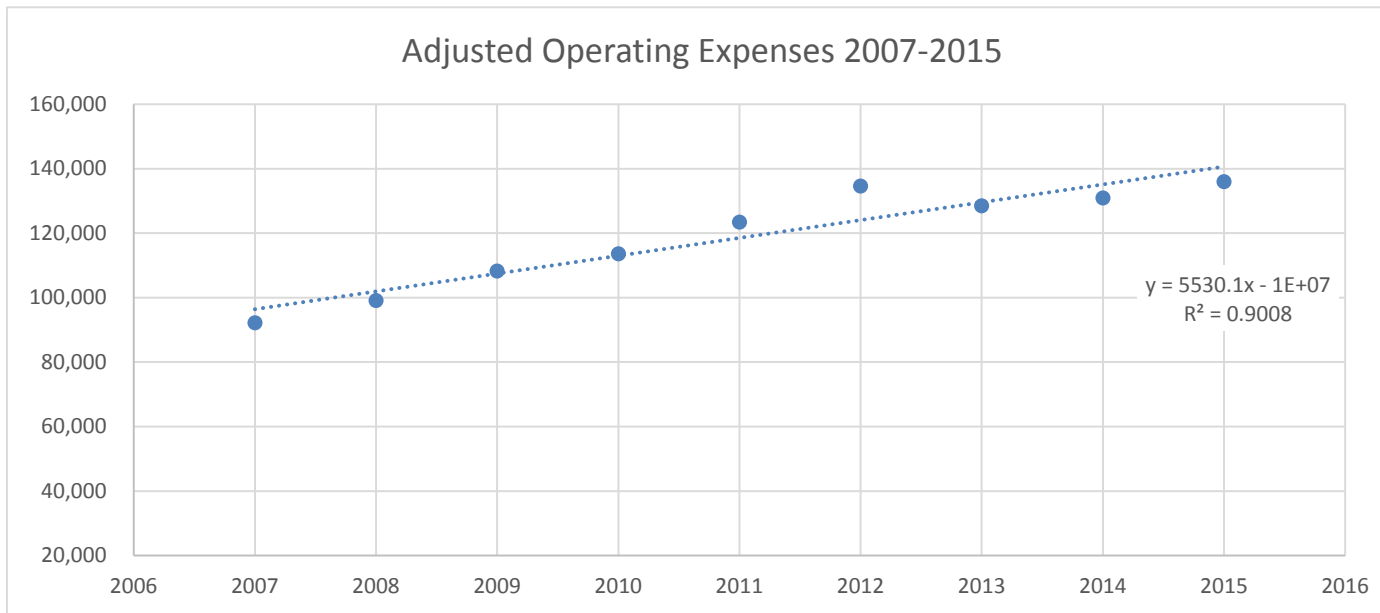


(1) Corrected excise tax error in 2009-2015.

Avista Proposed O&M Expense Growth Trend

	2007	2008	2009	2010	2011	2012	2013	2014	12.2015 2015
Adjusted Operating Expenses	92,212	99,146	108,289	113,650	123,419	134,594	128,510	130,891	136,009
Annual Increase (slope below)	5,530.1								
Rate (Annual)	4.07%								
Rate (2.5-year, to 2018 6ME 6/2018)	10.16% (Escalation Factor)								

UPDATED
(1)



(1) November 2015 Storm expenses were removed for trending purposes and from Escalation Base.

ELECTRIC BILLING DETERMINANT INDEX 09.2015 TO 2018 WEIGHTED REVENUE GROWTH

Line	Rate	Schedule	Revenue Model 12 ME 09.2015	Forecast 12ME 2018	Billing Determinant Growth	Revenue 12 ME 09.2015	Weight	Weight x Growth	
			[A]	[B]	[C] = ([B] - [A])/[A]	[D]	[E] = [D] / SUM([D])	[F] = [C] x [E]	
1	RESIDENTIAL	Basic Charge	SCHEDULE 1	2,481,909	2,541,558	2.40%	21,096,227	4.26%	0.10%
2	GENERAL SVC.	Basic Charge	SCH. 11,12	369,248	380,482	3.04%	6,646,464	1.34%	0.04%
3	LG. GEN. SVC.	Fixed Demand/Cust	SCH. 21,22	24,164	24,311	0.61%	12,082,000	2.44%	0.01%
4	EX LG GEN SVC	Fixed Demand/Cust	SCHEDULE 25	252	254	0.67%	5,292,000	1.07%	0.01%
5	PUMPING	Basic Charge	SCH. 30, 31, 32	29,170	29,691	1.79%	525,060	0.11%	0.00%
6	ST & AREA LTG	Basic Charge	SCH. 41-48						
7	RESIDENTIAL	Volumes	SCHEDULE 1	2,375,997,614	2,475,322,185	4.18%	189,973,890	38.37%	1.60%
8	GENERAL SVC.	Volumes	SCH. 11,12	596,483,095	597,923,947	0.24%	61,874,875	12.50%	0.03%
9	LG. GEN. SVC.	Volumes	SCH. 21,22	1,425,928,125	1,432,860,629	0.49%	99,936,477	20.19%	0.10%
10	EX LG GEN SVC	Volumes	SCHEDULE 25	1,108,671,541	1,156,202,202	4.29%	52,632,200	10.63%	0.46%
11	PUMPING	Volumes	SCH. 30, 31, 32	154,884,909	133,241,503	-13.97%	11,985,355	2.42%	-0.34%
12	ST & AREA LTG	Volumes	SCH. 41-48	25,597,340	24,397,324	0.00%	6,952,992	1.40%	0.00%
13	RESIDENTIAL	Demand	SCHEDULE 1						
14	GENERAL SVC.	Demand	SCH. 11,12	407,826	402,284	-1.36%	2,453,871	0.50%	-0.01%
15	LG. GEN. SVC.	Demand	SCH. 21,22	2,838,030	2,748,136	-3.17%	17,086,327	3.45%	-0.11%
16	EX LG GEN SVC	Demand	SCHEDULE 25	1,293,261	1,290,752	-0.19%	6,526,238	1.32%	0.00%
17	PUMPING	Demand	SCH. 30, 31, 32						
18	ST & AREA LTG	Demand	SCH. 41-48						
19	Total						495,063,975	100.00%	1.90%
	Total Customers		2,904,743	2,976,296	2.46%				
	Total Volumes		5,687,562,625	5,819,947,790	2.33%				
	Total Demand		4,539,117	4,441,172	-2.16%				