

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UG-160229

EXHIBIT NO. ____ (EMA-10)

ELIZABETH M. ANDREWS

REPRESENTING AVISTA CORPORATION

AVISTA
2018 UPDATED WASHINGTON NATURAL GAS 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 Requirement
1	2018 Rate Base	\$312,848	1.024484	\$305,371		
2	Proposed Rate of Return			7.68%		
3	Net Operating Income Requirement			\$23,453		
4	2018 Net Operating Income (at 2016 rates)	<u>\$ 18,022</u>	1.02448	<u>\$17,591</u>		
5	2018 Rate of Return (at 2016 rates)			5.76%		
6	2018 Net Operating Income Deficiency			\$5,862		
7	Gross-up Conversion Factor			0.61945		
8	2018 Attrition Revenue Deficiency			\$9,462	\$7,926	\$1,536
9	2018 Total General Business Revenues (at 2016 rates)			\$ 88,474	\$ 88,474	\$96,400
10	Attrition-based 2018 revenue requirement			<u>\$ 97,936</u>		\$ 97,936
11	Percent Base Revenue Requirement Change (vs. 2016)			10.69%	8.96%	3.19%
12	2018 Total Present Billed Revenue			\$ 158,581	\$ 158,581	\$ 166,507
13	Percentage Billed Revenue Increase			5.97%	5.00%	1.84%

(1) The Company is not requesting a higher increase than its original filing of \$4.4 million for 2017 and \$947,000 for January to June 2018 (6 months).

Proposed Cost of Capital

Washington - Natural Gas System

Twelve Months Ended December 31, 2015

Proposed Capital 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.

REVISED 08/01/2016

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

<u>Line No.</u>	<u>Description</u>	<u>Factor</u>
1	Revenues	<i>1.000000</i>
	Expense:	
2	Uncollectibles	0.006740
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038260
5	Total Expense	<u><u>0.047000</u></u>
6	Net Operating Income Before FIT	<i>0.953000</i>
7	Federal Income Tax @ 35%	<u><u>0.333550</u></u>
8	REVENUE CONVERSION FACTOR	<u><u><u>0.619450</u></u></u>

2018 UPDATED NATURAL GAS ATTRITION REVENUE REQUIREMENT

\$000s		Determine Base Cost and Revenue to Escalate				Escalate Non-Energy Cost					After Attrition Adj AMI Capital Project 2017		12ME 06.2018 Revenue and Cost [H]+[I]+[J] = [K]
CBR Line		12ME 12.2015 AMA Commission Basis Report Totals ¹	Regulatory Amorts & Misc Adjs	Pro Forma Revenue Normalization Adjustment	Add 12.2015 Plant	12ME 12.2015 AMA Escalation Base	Escalation Factor	Escalation Amount [E] * [F] = [G]	Trended 12ME 06.2018 Non-Energy Cost [E]+[G]=[H]	(plus) Revenue Growth			
No.	DESCRIPTION	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	
		REVISED	REVISED	REVISED	REMOVED						REVISED		
REVENUES													
1	Total General Business	\$ 149,865	\$ -	\$ (65,808)		\$ 84,057	2.57%		84,057	\$ 2,159		\$ 86,216	
2	Total Transportation	\$ 4,054	\$ -	\$ 362		\$ 4,416	0.15%		4,416	\$ 7		\$ 4,423	
3	Other Revenues	\$ 7,129	\$ -	\$ (6,914)		\$ 215	0.00%		215	\$ -		\$ 215	
4	Total Gas Revenues	\$ 161,048	\$ -	\$ (72,360)	\$ -	\$ 88,688		\$ -	\$ 88,688	\$ 2,166		\$ 90,854	
EXPENSES													
Production Expenses													
5	City Gate Purchases	\$ 79,634	\$ -	\$ (79,634)		\$ -			-			\$ -	
6	Purchased Gas Expense	\$ 840	\$ -	\$ 1		\$ 841	10.58%	89	930			\$ 930	
7	Net Nat Gas Storage Trans	\$ -	\$ -	\$ -		\$ -			-			\$ -	
8	Total Production	\$ 80,474	\$ -	\$ (79,633)	\$ -	\$ 841		\$ 89	\$ 930	\$ -		\$ 930	
Underground Storage													
9	Operating Expenses	\$ 857	\$ -	\$ -		\$ 857	10.58%	91	948			\$ 948	
10	Depreciation/Amortization	\$ 439	\$ -	\$ -		\$ 439	27.32%	120	559			\$ 559	
11	Taxes	\$ 196	\$ -	\$ -		\$ 196	19.67%	39	235			\$ 235	
12	Total Underground Storage	\$ 1,492	\$ -	\$ -	\$ -	\$ 1,492		\$ 249	\$ 1,741	\$ -		\$ 1,741	
Distribution													
13	Operating Expenses	\$ 12,315	\$ -	\$ -		\$ 12,315	10.58%	1,302	13,617			\$ 13,617	
14	Depreciation/Amortization	\$ 9,088	\$ -	\$ -		\$ 9,088	27.32%	2,483	11,571		80	\$ 11,651	
15	Taxes	\$ 8,554	\$ -	\$ (2,504)		\$ 6,050	19.67%	1,190	7,240	\$ 83		\$ 7,323	
16	Total Distribution	\$ 29,957	\$ -	\$ (2,504)	\$ -	\$ 27,453		\$ 4,975	\$ 32,428	\$ 83	\$ 80	\$ 32,591	
17	Customer Accounting	\$ 6,632	\$ -	\$ (441)		\$ 6,191	10.58%	655	6,846	\$ 15		\$ 6,861	
18	Customer Service & Information	\$ 837	\$ -	\$ -		\$ 837	10.58%	89	926			\$ 926	
19	Sales Expenses	\$ -	\$ -	\$ -		\$ -	10.58%	-	-			\$ -	
Administrative & General													
20	Operating Expenses	\$ 14,007	\$ (179)	\$ (131)	\$ -	\$ 13,697	10.58%	1,449	15,146	\$ 4		\$ 15,150	
21	Depreciation/Amortization	\$ 5,649	\$ -	\$ -		\$ 5,649	27.32%	1,543	7,192		709	\$ 7,901	
22	Regulatory Amortizations	\$ (2,087)	\$ 2,626	\$ -		\$ 539	0.00%	-	539			\$ 539	
23	Taxes	\$ -	\$ -	\$ -		\$ -	19.67%	-	-			\$ -	
24	Total Admin. & General	\$ 17,569	\$ 2,447	\$ (131)	\$ -	\$ 19,885		\$ 2,992	\$ 22,877	\$ 4	\$ 709	\$ 23,590	
25	Total Gas Expense	\$ 136,961	\$ 2,447	\$ (82,709)	\$ -	\$ 56,699		\$ 9,048	\$ 65,747	\$ 102	\$ 789	\$ 66,638	
26	OPERATING INCOME BEFORE FIT	\$ 24,087	\$ (2,447)	\$ 10,349	\$ -	\$ 31,989		\$ (9,048)	\$ 22,941	\$ 2,064	\$ (789)	\$ 24,216	

¹Workpapers for 12.2015 Commission Basis Reports provided with Avista's response to Staff_DR_030.

2018 UPDATED NATURAL GAS ATTRITION REVENUE REQUIREMENT

\$000s		Determine Base Cost and Revenue to Escalate				Escalate Non-Energy Cost						
CBR Line	DESCRIPTION	12ME 12.2015 AMA Commission Basis Report Totals ¹	Regulatory Amorts & Misc Adj	Pro Forma Revenue Normalization Adjustment	Add 12.2015 Plant	12ME 12.2015 AMA Escalation Base	Escalation Factor	Escalation Amount [E] *[F]=[G]	Trended 12ME 06.2018 Non-Energy Cost [E]+[G]=[H]	(plus) Revenue Growth	After Attrition Adj AMI Capital Project 2017	12ME 06.2018 Revenue and Cost [H]+[I]+[J] = [K]
No.	DESCRIPTION	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
FEDERAL INCOME TAX												
27	Current Accrual	\$ (456)	\$ (1,503)	3,622	-	\$ 1,663		(3,167)	(1,504)	722	(276)	(1,058)
28	Debt Interest	\$ (37)	\$ 33	\$ -	\$ -	\$ (4)		(531)	(535)		(31)	(566)
29	Deferred FIT	\$ 7,838	\$ -	\$ -	\$ -	\$ 7,838			7,838			7,838
30	Amort ITC	\$ (20)	\$ -	\$ -	\$ -	\$ (20)			(20)			(20)
31	NET OPERATING INCOME	\$ 16,762	\$ (976)	\$ 6,727	\$ -	\$ 22,513		\$ (5,350)	\$ 17,162	\$ 1,342	\$ (482)	\$ 18,022
RATE BASE												
PLANT IN SERVICE												
32	Underground Storage	\$ 25,720	\$ -	\$ -	\$ -	\$ 25,720	16.44%	\$ 4,229	29,949			29,949
33	Distribution Plant	\$ 360,612	\$ -	\$ -	\$ -	\$ 360,612	16.44%	59,298	419,910		1,199	421,109
34	General Plant	\$ 75,514	\$ -	\$ -	\$ -	\$ 75,514	16.44%	12,417	87,931		3,073	91,004
35	Total Plant in Service	\$ 461,846	\$ -	\$ -	\$ -	\$ 461,846		75,944	537,790		4,272	542,062
ACCUMULATED DEPR/AMORT												
36	Underground Storage	\$ (9,906)	\$ -	\$ -	\$ -	\$ (9,906)	16.44%	(1,629)	(11,535)			(11,535)
37	Distribution Plant	\$ (121,623)	\$ -	\$ -	\$ -	\$ (121,623)	16.44%	(19,999)	(141,622)		(40)	(141,662)
38	General Plant	\$ (20,741)	\$ -	\$ -	\$ -	\$ (20,741)	16.44%	(3,411)	(24,152)		(355)	(24,507)
39	Total Accumulated Depr/Amort	\$ (152,270)	\$ -	\$ -	\$ -	\$ (152,270)		(25,039)	(177,309)		(395)	(177,704)
40	NET PLANT	\$ 309,576	\$ -	\$ -	\$ -	\$ 309,576		\$ 50,905	\$ 360,481		\$ 3,877	364,358
41	DEFERRED TAXES	\$ (64,929)	\$ -	\$ -	\$ -	\$ (64,929)	16.44%	(10,677)	(75,606)		(843)	(76,449)
42	Net Plant After DFIT	\$ 244,647	\$ -	\$ -	\$ -	\$ 244,647		40,229	284,876		3,034	287,910
43	GAS INVENTORY	\$ 12,740	\$ -	\$ -	\$ -	\$ 12,740	0.00%	-	12,740			12,740
44	GAIN ON SALE OF BUILDING	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	-	-			-
45	OTHER	\$ (485)	\$ -	\$ -	\$ -	\$ (485)	0.00%	-	(485)			(485)
46	WORKING CAPITAL	\$ 16,069	\$ (3,386)	\$ -	\$ -	\$ 12,683	0.00%	-	12,683			12,683
47	TOTAL RATE BASE	\$ 272,971	\$ (3,386)	\$ -	\$ -	\$ 269,585		\$ 40,229	\$ 309,814		\$ 3,034	\$ 312,848
48	RATE OF RETURN	6.14%									\$ 1,155	5.76%
ATTRITION ADJUSTED REVENUE REQUIREMENT												
49	Proposed Rate of Return	7.68%										7.68%
50	Net Operating Income Requirement	\$ 20,964									\$ 24,027	
51	Net Operating Income per Above	16,762									18,022	
52	Net Operating Income Deficiency	\$ 4,202									\$ 6,005	
53	Conversion Factor	0.61945									0.61945	
54	Revenue Requirement	\$ 6,784									\$ 9,694	
55	Revenue Growth Factor										1.024484	
56	Attrition Adjusted Revenue Requirement										\$ 9,462	

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NATURAL GAS COST AND REVENUE TREND CALCULATIONS 2007-2015

AVISTA UTILITIES WASHINGTON NATURAL GAS RESULTS

Commission Basis Results of Operations

(000'S OF DOLLARS)

Line No.	DESCRIPTION	2007 Restated Total	2008 Restated Total	2009 Restated Total	2010 Restated Total	2011 Restated Total	2012 Restated Total	2013 Restated Total	2014 Restated Total	12.2015 Restated Total
REVENUES										
1	Total General Business	\$ 209,186	\$ 203,727	\$ 182,706	\$ 142,370	\$ 152,457	\$ 142,048	\$ 144,257	\$ 154,546	\$ 149,865
2	Total Transportation	3,263	3,369	3,275	3,155	3,448	3,627	3,915	3,960	4,054
3	Other Revenues	68,416	153,093	84,085	115,257	98,841	68,107	403	332	7,129
4	Total Gas Revenues	280,865	360,189	270,066	260,782	254,746	213,782	148,575	158,838	161,048
EXPENSES										
Production Expenses										
5	City Gate Purchases	222,364	310,276	194,267	197,494	188,167	139,073	76,801	84,187	79,634
6	Purchased Gas Expense	792	(9,103)	803	800	14	130	891	779	840
7	Net Nat Gas Storage Trans	283	2	10,720	(3,322)	(4,366)	4,352	-	-	-
8	Total Production	223,439	301,175	205,790	194,972	183,815	143,555	77,692	84,966	80,474
Underground Storage										
9	Operating Expenses	451	436	403	380	585	712	820	893	857
10	Depreciation/Amortization	310	276	393	348	395	438	380	402	439
11	Taxes	95	113	121	116	19	17	158	184	196
12	Total Underground Storage	856	825	917	844	999	1,167	1,358	1,479	1,492
Distribution										
13	Operating Expenses	6,467	6,123	7,700	7,696	8,854	9,511	10,820	10,704	12,315
14	Depreciation/Amortization	5,605	5,673	6,064	6,367	6,649	6,978	7,925	8,513	9,088
15	Taxes	9,844	8,941	8,746	7,223	8,051	7,825	8,116	8,719	8,554
16	Total Distribution	21,916	20,737	22,510	21,286	23,554	24,314	26,861	27,936	29,957
17	Customer Accounting	4,487	4,692	5,586	5,234	5,740	5,796	6,270	6,108	6,632
18	Customer Service & Information	4,658	5,169	7,609	9,505	9,777	6,955	983	865	837
19	Sales Expenses	516	442	497	105	3	3	3	-	-
Administrative & General										
20	Operating Expenses	8,901	9,706	9,770	11,383	11,585	13,419	11,862	12,777	14,007
21	Depreciation/Amortization	1,498	1,803	1,999	2,412	2,734	3,276	3,868	4,389	5,649
22	Regulatory Amortizations	(815)	(242)	440	216	(186)	171	91	(91)	(2,087)
23	Taxes	20	17	19	24	-	(1)	-	-	-
24	Total Admin. & General	9,604	11,284	12,228	14,035	14,133	16,865	15,821	17,075	17,569
25	Total Gas Expense	265,476	344,324	255,137	245,981	238,021	198,655	128,988	138,429	136,961
26	OPERATING INCOME BEFORE FIT	15,389	15,865	14,929	14,801	16,725	15,127	19,587	20,409	24,087
FEDERAL INCOME TAX										
27	Current Accrual	5,010	506	2,468	(5,811)	(907)	(1,185)	4,253	(6,945)	(729)
28	Debt Interest					63	3	(56)	(137)	(37)
29	Deferred FIT	(1,442)	3,320	1,238	9,594	5,691	5,033	1,403	13,105	7,842
30	Amort ITC	(31)	(31)	(30)	(29)	(27)	(25)	(24)	(20)	(20)
31	NET OPERATING INCOME	\$ 11,852	\$ 12,070	\$ 11,253	\$ 11,047	\$ 11,906	\$ 11,301	\$ 14,011	\$ 14,406	\$ 17,031

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

NATURAL GAS COST AND REVENUE TREND CALCULATIONS 2007-2015

AVISTA UTILITIES
WASHINGTON NATURAL GAS RESULTS
(000'S OF DOLLARS)

Commission Basis Results of Operations

Line No.	DESCRIPTION	2007 Restated Total	2008 Restated Total	2009 Restated Total	2010 Restated Total	2011 Restated Total	2012 Restated Total	2013 Restated Total	2014 Restated Total	12.2015 Restated Total
RATE BASE										
PLANT IN SERVICE										
32	Underground Storage	\$ 13,758	\$ 15,260	\$ 21,798	\$ 20,047	\$ 22,008	\$ 24,365	\$ 24,711	\$ 25,235	\$ 25,720
33	Distribution Plant	229,417	240,778	255,976	269,469	281,279	296,152	313,469	337,894	360,612
34	General Plant	21,708	24,256	27,747	33,401	38,971	44,809	52,223	59,169	75,514
35	Total Plant in Service	<u>264,883</u>	<u>280,294</u>	<u>305,521</u>	<u>322,917</u>	<u>342,258</u>	<u>365,326</u>	<u>390,403</u>	<u>422,298</u>	<u>461,846</u>
ACCUMULATED DEPRECIATION/AMORT										
36	Underground Storage	7,427	7,581	7,807	7,912	8,286	8,677	9,088	9,521	9,906
37	Distribution Plant	77,997	81,405	84,021	89,620	97,489	102,678	108,662	114,795	121,623
38	General Plant	7,136	8,309	8,882	10,722	10,926	12,186	14,724	17,429	20,741
39	Total Accumulated Depreciation/Amortization	<u>92,560</u>	<u>97,295</u>	<u>100,710</u>	<u>108,254</u>	<u>116,701</u>	<u>123,541</u>	<u>132,474</u>	<u>141,745</u>	<u>152,270</u>
40	NET PLANT	172,323	182,999	204,811	214,663	225,557	241,785	257,929	280,553	309,576
41	DEFERRED TAXES	(26,823)	(28,945)	(31,005)	(36,762)	(42,004)	(46,498)	(50,170)	(54,652)	(64,929)
42	Net Plant After DFT	<u>145,500</u>	<u>154,054</u>	<u>173,806</u>	<u>177,901</u>	<u>183,553</u>	<u>195,287</u>	<u>207,759</u>	<u>225,901</u>	<u>244,647</u>
43	GAS INVENTORY	5,607	15,327	8,440	10,226	13,753	13,107	11,702	14,762	12,740
44	GAIN ON SALE OF BUILDING	(197)	(152)	(109)	(44)	(14)	-	-	-	-
45	OTHER	789	452	(1,359)	(1,163)	(1,012)	(816)	(332)	(479)	(485)
46	WORKING CAPITAL	-	-	-	-	-	-	5,695	10,073	16,069
47	TOTAL RATE BASE	<u>\$ 151,699</u>	<u>\$ 169,681</u>	<u>\$ 180,778</u>	<u>\$ 186,920</u>	<u>\$ 196,280</u>	<u>\$ 207,578</u>	<u>\$ 224,824</u>	<u>\$ 250,257</u>	<u>\$ 272,971</u>

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

NATURAL GAS COST AND REVENUE TREND CALCULATIONS 2007-2015

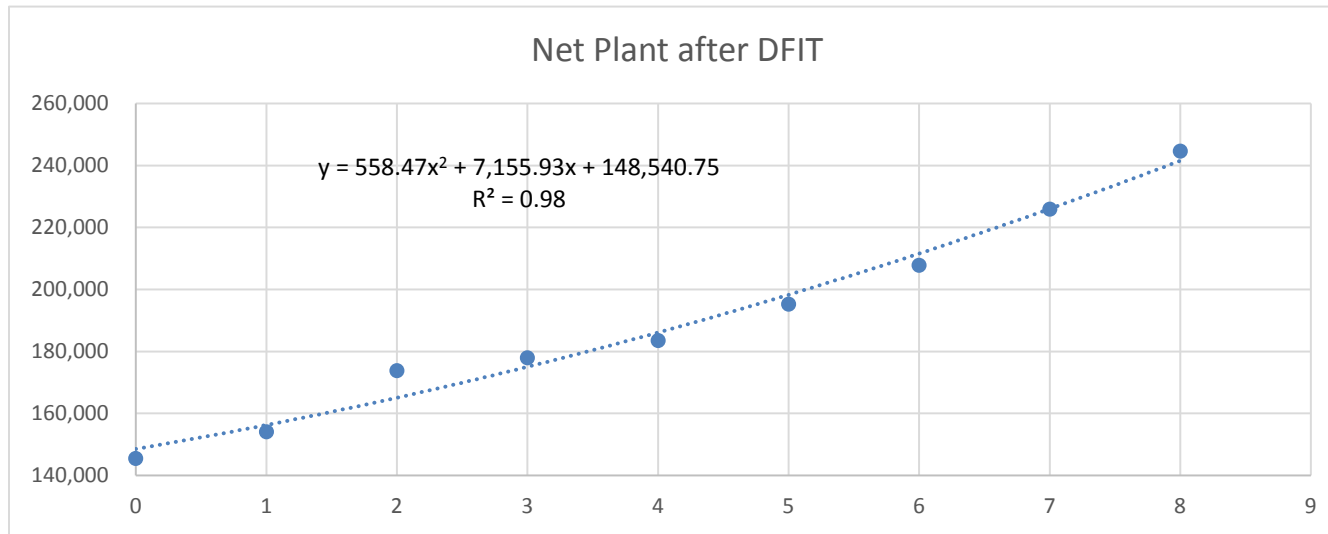
**AVISTA UTILITIES
WASHINGTON NATURAL GAS RESULTS
(000'S OF DOLLARS)**

Natural Gas Data for Escalators

Line No.		2007	2008	2009	2010	2011	2012	2013	2014	12.2015
Exclude Gas Cost and Adder Schedule Expenses (DSM Tariff Rider, Decoupling Surcharge/Rebate) from O&M										
1	Underground Storage CBR Line 9	451	436	403	380	585	712	820	893	857
2	Distribution CBR Line 13	6,467	6,123	7,700	7,696	8,854	9,511	10,820	10,704	12,315
3	Customer Accounting CBR Line 17	4,487	4,692	5,586	5,234	5,740	5,796	6,270	6,108	6,632
4	Customer Service and Information CBR Line 18	4,658	5,169	7,609	9,505	9,777	6,955	983	865	837
5	Sales CBR Line 19	516	442	497	105	3	3	3	0	0
6	Administrative and General CBR Line 20	8,901	9,706	9,770	11,383	11,585	13,419	11,862	12,777	14,007
7	Operating expenses excluding production	25,480	26,568	31,565	34,303	36,544	36,396	30,758	31,347	34,648
8	Add Non PGA production O&M expenses	792	783	802	800	981	928	891	779	840
9	Deduct Gas Cost Rev Related Expenses	-1,430	-1,351	-1,110	-725	-770	-686	-704	-772	-730
10	Deduct DSM Tariff Rider Expenses	-3,870	-4,421	-6,839	-8,494	-9,035	-5,996	0	0	0
11	Deduct Decoupling Surcharge/Rebate Expenses	-1	-4	-6	-4	-4	-1	0	0	0
12	Adjusted Operating Expenses	20,971	21,575	24,412	25,880	27,716	30,641	30,945	31,354	34,758
	Annual Percentage Change	3.27%	2.88%	13.15%	6.01%	7.09%	10.55%	0.99%	1.32%	10.86%
Depreciation/Amortization										
13	Underground Storage CBR Line 10	310	276	393	348	395	438	380	402	439
14	Distribution CBR Line 14	5,605	5,673	6,064	6,367	6,649	6,978	7,925	8,513	9,088
15	Administrative & General CBR Line 21	1,498	1,803	1,999	2,412	2,734	3,276	3,868	4,389	5,649
16	Total Depreciation/Amortization	7,413	7,752	8,456	9,127	9,778	10,692	12,173	13,304	15,176
	Annual Percentage Change	6.46%	4.57%	9.08%	7.94%	7.13%	9.35%	13.85%	9.29%	14.07%
Exclude Adder Schedule amortizations (Decoupling Surcharge/Rebate) from Regulatory Amortizations										
17	Regulatory Amortizations CBR Line 22	-815	-242	440	216	-186	171	91	-91	-2,087
18	Deduct Decoupling Surcharge/Rebate Expenses	-85	-432	-710	-494	-494	-184	0	0	0
19	Adjusted Regulatory Amortizations	-900	-674	-270	-278	-680	-13	91	-91	-2,087
Exclude Gas Cost and Adder Schedule excise taxes (DSM Tariff Rider, Decoupling Surcharge/Rebate) from Taxes Other Than Income Tax										
20	Underground Storage CBR Line 11	95	113	121	116	19	17	158	184	196
21	Distribution CBR Line 15	9,844	8,941	8,746	7,223	8,051	7,825	8,116	8,719	8,554
22	Administrative & General CBR Line 23	20	17	19	24	0	-1	0	0	0
23	Total Taxes Other Than Income	9,959	9,071	8,886	7,363	8,070	7,841	8,274	8,903	8,750
24	Deduct Gas Cost Excise Tax	-6,261	-5,917	-4,858	-3,171	-3,374	-3,003	-3,083	-3,380	-3,197
25	Deduct DSM Tariff Rider Excise Tax	-154	-176	-272	-338	-359	-239	0	0	0
26	Deduct Decoupling Surcharge/Rebate Excise Tax	-3	-17	-28	-20	-20	-7	0	0	0
27	Adjusted Taxes Other Than Income	3,541	2,961	3,728	3,834	4,317	4,592	5,191	5,523	5,553
	Annual Percentage Change	-1.34%	-16.38%	25.90%	2.84%	12.59%	6.38%	13.04%	6.40%	0.54%
28	Net Plant After Deferred Income Tax CBR Line 42	145,500	154,054	173,806	177,901	183,553	195,287	207,759	225,901	244,647
	Annual Percentage Change	3.35%	5.88%	12.82%	2.36%	3.18%	6.39%	6.39%	8.73%	8.30%
29	Total Rate Base CBR Line 47	151,699	169,681	180,778	186,920	196,280	207,578	224,824	250,257	272,971
	Annual Percentage Change	1.56%	11.85%	6.54%	3.40%	5.01%	5.76%	8.31%	11.31%	9.08%
Exclude Gas Cost Deferral related and JP Storage non-recurring revenues from Other Operating Revenue										
30	Other Operating Revenue CBR Line 3	68,416	153,093	84,085	115,257	98,841	68,107	403	332	7,129
31	Deduct Gas Cost Deferral related revenues	-66,686	-153,018	-83,992	-115,193	-98,794	-67,822	0	0	0
32	Deduct JP Storage allocated revenue (ended 2007)	-1,717	0	0	0	0	0	0	0	0
33	Eliminate Decoupling Deferred Revenue and Provision for Rate Refund									-6,914
34	Adjusted Other Operating Revenue	13	75	93	64	47	285	403	332	215
	Annual Percentage Change	18.18%	476.92%	24.00%	-31.18%	-26.56%	506.38%	41.40%	-17.62%	-35.24%

Avista Proposed Based on Commission Order No. 05, Docket No. UG-150205

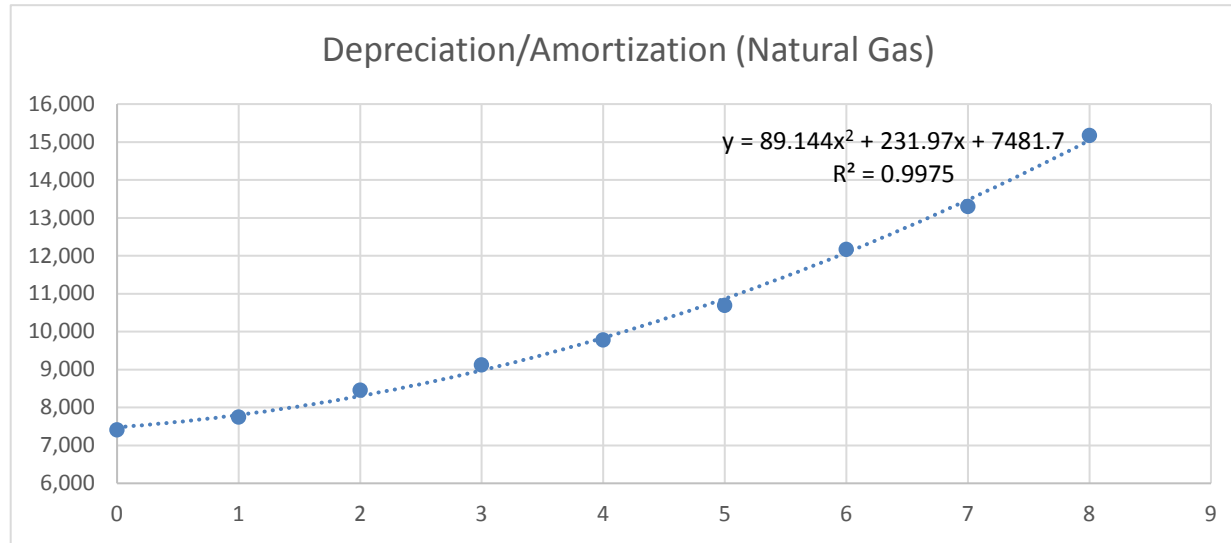
	2007	2008	2009	2010	2011	2012	2013	2014	12.2015 2015
Net Plant after DFIT	145,500	154,054	173,806	177,901	183,553	195,287	207,759	225,901	244,647
	0	1	2	3	4	5	6	7	8
Net Plant after DFIT	145,500	154,054	173,806	177,901	183,553	195,287	207,759	225,901	244,647



	x	C	
Derivative of Quadratic (below)	1116.94	7,156	
x = 8 (2015 is year 8)	8935.52		
Sum (x and C)		16,092	
rate (1-year)		6.58%	
rate (2-year)		16.44%	Escalation factor (to 06.2018)

Avista Proposed Based on Commission Order No. 05, Docket No. UG-150205

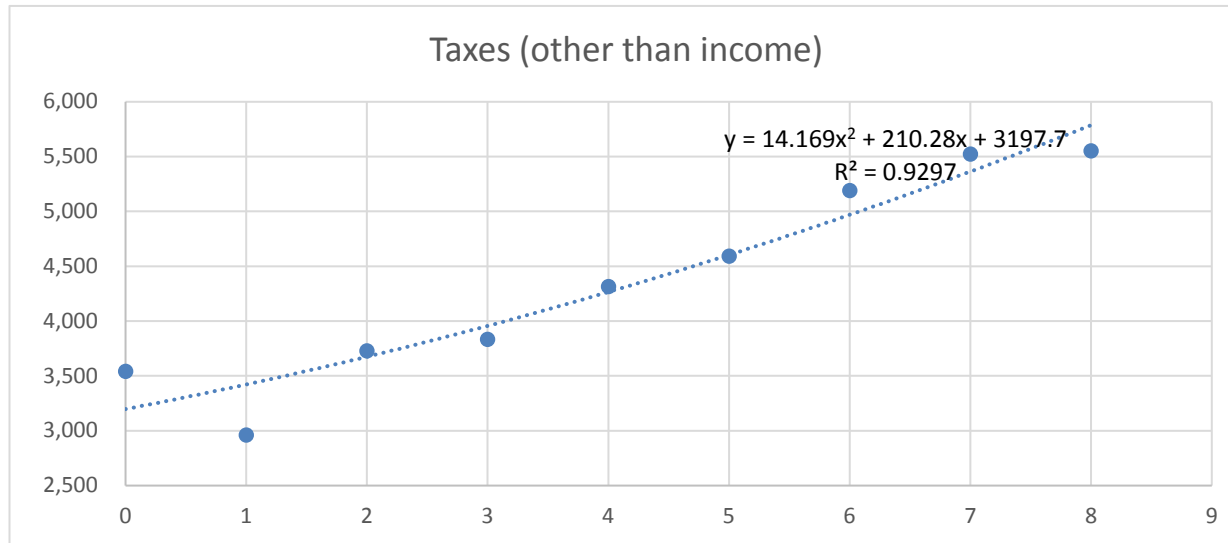
	2007	2008	2009	2010	2011	2012	2013	2014	12.2015 2015
Depreciation/Amortization	7,413	7,752	8,456	9,127	9,778	10,692	12,173	13,304	15,176
	0	1	2	3	4	5	6	7	8
Depreciation/Amortization	7,413	7,752	8,456	9,127	9,778	10,692	12,173	13,304	15,176



	x	C
Derivative of Quadratic (below)	178.288	231.97
x = 8 (2015 is year 8)	1426.304	
Sum (x and C)		1658.274
rate (1-year)		10.93%
rate (2-year)		27.32% Escalation factor (to 06.2018)

Avista Proposed Based on Commission Order No. 05, Docket No. UG-150205

	2007	2008	2009	2010	2011	2012	2013	2014	12.2015 2015
Taxes (other than income)	3,541	2,961	3,728	3,834	4,317	4,592	5,191	5,523	5,553
	0	1	2	3	4	5	6	7	8
Taxes (other than income)	3,541	2,961	3,728	3,834	4,317	4,592	5,191	5,523	5,553

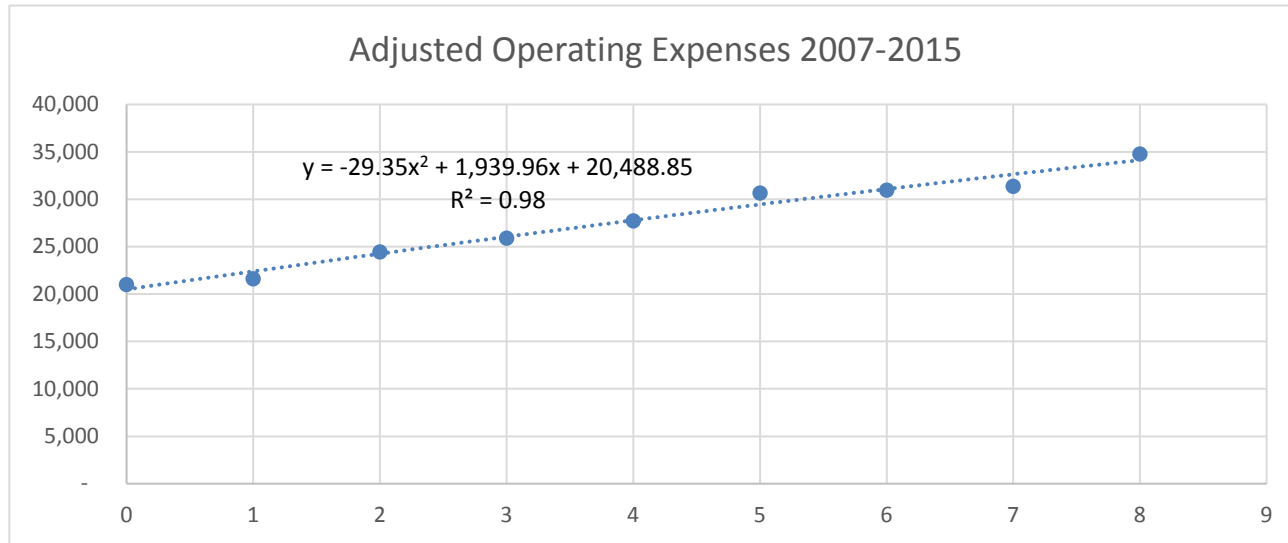


	x	C
Derivative of Quadratic (below)	28.338	210.28
x = 8 (2015 is year 8)	226.704	
Sum (x and C)		436.984
rate (1-year)		7.87%
rate (2-year)		19.67%

Escalation factor (to 06.2018)

Avista Proposed O&M Expenses Growth Trend

	2007	2008	2009	2010	2011	2012	2013	2014	12.2015
Adjusted Operating Expenses	20,971	21,575	24,412	25,880	27,716	30,641	30,945	31,354	34,758
	0	1	2	3	4	5	6	7	8
Adjusted Operating Expenses	20,971	21,575	24,412	25,880	27,716	30,641	30,945	31,354	34,758



	x	C
Derivative of Quadratic (below)	-58.7	1,940
x = 8 (2015 is year 8)	-469.6	
Sum (x and C)		1,470
rate (1-year)		4.23%
rate (2-year)		10.58%

Escalation factor (to 06.2018)

BILLING DETERMINANT INDEX
09.2015 TO 2018 WEIGHTED REVENUE GROWTH

Line No.	Description A	Schedule B	Billing Determinant C	Revenue Model Sept 2015 D	Forecast 12ME 06.2018 E	Billing Determinant Growth F=(E-D)/D	Revenue Sept 2015 G	Weight H=G/SUM G	Weighted Growth I=FxH	
1	General Svc	101	Basic/Min	1,807,677	1,863,376	3.08%	\$16,269,093	19.35%	0.60%	\$501,295
2	Lrg Gen Svc	111/112	Basic/Min	31,406	32,623	3.88%	\$3,185,825	3.79%	0.15%	\$123,469
3	Ex Lrg Gen Svc	121/122	Basic/Min	324	334	3.23%	\$81,739	0.10%	0.00%	\$2,639
4	Interruptible Svc	131/132	Basic/Min	24	24	0.00%	\$0	0.00%	0.00%	\$0
5	General Svc	101	Volumes	119,361,176	121,367,846	1.68%	\$51,084,521	60.77%	1.02%	\$858,820
6	Lrg Gen Svc	111/112	Volumes	47,375,864	49,340,681	4.15%	\$12,037,805	14.32%	0.59%	\$499,243
7	Ex Lrg Gen Svc	121/122	Volumes	5,175,510	5,903,971	14.08%	\$1,202,621	1.43%	0.20%	\$169,271
8	Interruptible Svc	131/132	Volumes	931,617	953,452	2.34%	\$195,654	0.23%	0.01%	\$4,586
9	Total			172,844,167	177,565,950		\$84,057,258	100.00%	2.57%	\$2,159,323
10	Transportation Svc	146	Basic/Min	456	479	5.06%	\$270,633	6.13%	0.31%	\$13,690
11	Special Contract	148	Basic/Min	60	63	5.38%	\$325,584	7.37%	0.40%	\$17,511
12	Transportation Svc	146	Volumes	29,762,848	29,444,697	-1.07%	\$2,558,062	57.92%	-0.62%	-\$27,345
13	Special Contract	148	Volumes	48,141,846	48,255,353	0.24%	\$1,262,060	28.58%	0.07%	\$2,976
14	Total			77,904,694	77,700,050		\$4,416,339	100.00%	0.15%	\$6,833
15	General Svc	101	Total Revenue				\$67,353,614			\$1,360,115
16	Lrg Gen Svc	111/112	Total Revenue				\$15,223,630			\$622,712
17	Ex Lrg Gen Svc	121/122	Total Revenue				\$1,284,359			\$171,910
18	Interruptible Svc	131/132	Total Revenue				\$195,654			\$4,586
19	Transportation Svc	146	Total Revenue				\$2,828,695			-\$13,654
20	Special Contract	148	Total Revenue				\$1,587,644			\$20,487
21	Total						\$88,473,597			\$2,166,155

	2009	2010	2011	2012	2013	2014	2015
Adj. Other Revenue	93	64	47	285	403	332	215

slope 44.929
 rate (1-yr) 21.08%
 rate (2-yr) 52.71% Escalation Factor not used due to irregular growth and materiality.
 Overall revenue appears to be trending downward.

Proposed:

