

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)	DOCKETS UE-160228 and
TRANSPORTATION COMMISSION)	UG-160229 (<i>Consolidated</i>)
)	
Complainant,)	
)	
v.)	
)	
AVISTA CORPORATION d/b/a)	
AVISTA UTILITIES)	
)	
Respondent.)	

EXHIBIT NO. BGM-14
UPDATED NATURAL GAS TRADITIONAL REVENUE REQUIREMENT
CALCULATIONS
REVISED September 22, 2016

Natural Gas Revenue Requirement Summary (\$000)

Line	Adj. No.	Description	Company Filing (Rev. Req. at ICNU ROR)			ICNU/NWIGU Proposed		
			Net Oper. Income	Rate Base	Rev. Req. Def. / (Suf.)	Net Oper. Income	Rate Base	Rev. Req. Def. / (Suf.)
1	1.00	Per Book Results (Y/E Sep. 30, 2015)	14,549	259,389	6,866	14,549	259,389	6,866
<i>Restating Adjustments:</i>								
2	1.01	Deferred FIT Rate Base	0	50	5	0	50	5
3	1.02	Deferred Debits and Credits	(1)	-	1	(1)	-	1
4	1.03	Working Capital	28	2,828	285	28	2,828	285
5	2.01	Eliminate B & O Taxes	(9)	-	15	(9)	-	15
6	2.02	Restate Property Tax	122	-	(197)	228	-	(368)
7	2.03	Uncollectible Expense	203	-	(328)	203	-	(328)
8	2.04	Regulatory Expense	8	-	(13)	8	-	(13)
9	2.05	Injuries and Damages	(150)	-	242	(150)	-	242
10	2.06	FIT / DFIT Expense	223	-	(360)	223	-	(360)
11	2.07	Office Space Charges to Subs	6	-	(9)	6	-	(9)
12	2.08	Restate Excise Taxes	3	-	(5)	3	-	(5)
13	2.09	Net Gains/Losses	4	-	(6)	4	-	(6)
14	2.10	Weather Normalization / Gas Cost Adjust	1,154	-	(1,862)	1,154	-	(1,862)
15	2.11	Eliminate Adder Schedules	-	-	-	-	-	-
16	2.12	Misc Restating Adjustments	144	-	(233)	207	-	(333)
17	2.13	Restate Debt Interest	86	-	(139)	157	-	(253)
18	2.14	Restating Incentive Adjustment	318	-	(513)	(87)	-	140
19	2.15	Project Compass Deferral	978	-	(1,578)	978	-	(1,578)
20		Restated Results	17,668	262,267	2,172	17,502	262,267	2,440
<i>Pro Forma Adjustments</i>								
21	3.00	Pro Forma Labor Non-Exec	(419)	-	675	(256)	-	413
22	3.01	Pro Forma Labor Exec	8	-	(14)	8	-	(14)
23	3.02	Pro Forma Employee Benefits	(224)	-	361	(224)	-	361
24	3.03	Pro Forma Pipeline Safety Labor	(68)	-	109	-	-	-
25	3.04	Pro Forma Property Tax	(127)	-	205	(150)	-	241
26	3.05	Pro Forma Revenue Normalization	8,002	-	(12,907)	8,002	-	(12,907)
27	3.06	Pro Forma Atmospheric Testing	(153)	-	247	(153)	-	247
28	3.07	Pro Forma Regulatory Amortization	(1,680)	-	2,709	(1,680)	-	2,709
29	3.08	Pro Forma Capital Add Dec 2015 AMA	(314)	6,106	1,220	(305)	9,640	1,619
30	3.09	Pro Forma 2016 Limited Capital Adds	(129)	18,120	2,326	28	7,488	831
31	3.10	Pro Forma O&M Offsets	36	-	(59)	22	-	(36)
32		Pro Forma Results (Traditional Rev. Req.)	22,602	286,493	(2,953)	22,795	279,395	(4,094)

Natural Gas Revenue Requirement Summary (\$000)

				Impact of ICNU/NWIGU Adjustments:			
Line	Adj. No.	Description	Pre-Tax	Net Oper.	Rate Base	Rev. Req.	ICNU/NWIGU Position
			Net Oper. Income	Income		Def. / (Suf.)	
1	1.00	Per Book Results (Y/E Sep. 30, 2015)					
<i>Restating Adjustments:</i>							
2	1.01	Deferred FIT Rate Base	-	-	-	-	ICNU/NWIGU Neutral
3	1.02	Deferred Debits and Credits	-	-	-	-	ICNU/NWIGU Neutral
4	1.03	Working Capital	-	-	-	-	ICNU/NWIGU Neutral
5	2.01	Eliminate B & O Taxes	-	-	-	-	ICNU/NWIGU Neutral
6	2.02	Restate Property Tax	163	106	-	(171)	Adopt Staff Position
7	2.03	Uncollectible Expense	-	-	-	-	ICNU/NWIGU Neutral
8	2.04	Regulatory Expense	-	-	-	-	ICNU/NWIGU Neutral
9	2.05	Injuries and Damages	-	-	-	-	ICNU/NWIGU Neutral
10	2.06	FIT / DFIT Expense	-	-	-	-	ICNU/NWIGU Neutral
11	2.07	Office Space Charges to Subs	-	-	-	-	ICNU/NWIGU Neutral
12	2.08	Restate Excise Taxes	-	-	-	-	ICNU/NWIGU Neutral
13	2.09	Net Gains/Losses	-	-	-	-	ICNU/NWIGU Neutral
14	2.10	Weather Normalization / Gas Cost Adjust	-	-	-	-	ICNU/NWIGU Neutral
15	2.11	Eliminate Adder Schedules	-	-	-	-	ICNU/NWIGU Neutral
16	2.12	Misc Restating Adjustments	96	62	-	(100)	ICNU/NWIGU Modified
17	2.13	Restate Debt Interest	-	71	-	(114)	ICNU/NWIGU Modified
18	2.14	Restating Incentive Adjustment	(623)	(405)	-	653	Adopt Staff Position
19	2.15	Project Compass Deferral	-	-	-	-	ICNU/NWIGU Neutral
20		Restated Results	(364)	(166)	-	268	
<i>Pro Forma Adjustments</i>							
21	3.00	Pro Forma Labor Non-Exec	250	163	-	(262)	ICNU/NWIGU Modified
22	3.01	Pro Forma Labor Exec	-	-	-	-	ICNU/NWIGU Neutral
23	3.02	Pro Forma Employee Benefits	-	-	-	-	ICNU/NWIGU Neutral
24	3.03	Pro Forma Pipeline Safety Labor	104	68	-	(109)	Adopt Staff Position
25	3.04	Pro Forma Property Tax	(34)	(22)	-	36	Adopt Staff Position
26	3.05	Pro Forma Revenue Normalization	-	-	-	-	ICNU/NWIGU Neutral
27	3.06	Pro Forma Atmospheric Testing	-	-	-	-	ICNU/NWIGU Neutral
28	3.07	Pro Forma Regulatory Amortization	-	-	-	-	ICNU/NWIGU Neutral
29	3.08	Pro Forma Capital Add Dec 2015 AMA	14	9	3,534	399	Adopt Staff Position
30	3.09	Pro Forma 2016 Limited Capital Adds	240	156	(10,632)	(1,495)	Adopt Staff Position
31	3.10	Pro Forma O&M Offsets	(22)	(14)	-	23	Adopt Staff Position
32		Pro Forma Results (Traditional Rev. Req.)	188	193	(7,098)	(1,141)	

Traditional Revenue Requirement Calculations for Avista Corporation

Washington Natural Gas Pro Forma Revenue Requirement
Twelve Months Ended September 31, 2015
(\$000)

Line No.	DESCRIPTION	WITH PRESENT RATES					WITH PROPOSED RATES	
		Actual Per Books Sep 30, 2015	Total Restating Adjustments	Restated Total	Total Pro Forma Adjustments	Pro-forma Total	Proposed Revenues & Related Exp	Proposed Total
	a	b	c	d	e	f	g	h
REVENUES								
1	Total General Business	152,492	4,139	156,631	(72,574)	84,057	\$ (4,094)	\$79,963
2	Total Transportation	4,114	(106)	4,008	408	4,416		4,416
3	Other Revenues	105,088	(99,392)	5,696	(5,413)	283		283
4	Total Gas Revenues	261,694	(95,359)	166,335	(77,579)	88,756	(4,094)	84,662
EXPENSES								
Production Expenses								
5	City Gate Purchases	164,944	(78,385)	86,559	(86,559)	-		-
6	Purchased Gas Expense	810	13	823	0	823		823
7	Net Nat Gas Storage Trans	8,665	(8,665)	-	-	-		-
8	Total Production	174,419	(87,037)	87,382	(86,559)	823	-	823
Underground Storage								
9	Operating Expenses	833	1	834	(0)	834		834
10	Depreciation	429	-	429	10	439		439
11	Taxes	292	(26)	266	17	283		283
12	Total Underground Storage	1,554	(25)	1,529	27	1,556	-	1,556
Distribution								
13	Operating Expenses	11,531	60	11,591	551	12,142		12,142
14	Depreciation	8,931	(6)	8,925	196	9,121		9,121
15	Taxes	14,014	(5,572)	8,442	(2,551)	5,891	(157)	5,734
16	Total Distribution	34,476	(5,518)	28,958	(1,804)	27,154	(157)	26,997
17	Customer Accounting	6,595	(224)	6,371	(248)	6,123	(24)	6,099
18	Customer Service & Information	5,790	(4,912)	878	15	893		893
19	Sales Expenses	-	-	-	0	0		0
Administrative & General								
20	Operating Expenses	13,388	(53)	13,335	44	13,379	(8)	13,371
21	Depreciation/Amortization	5,206	-	5,206	482	5,688		5,688
22	Regulatory Amortizations	-	(1,505)	(1,505)	2,584	1,079		1,079
23	Taxes	-	-	-	-	-		-
24	Total Admin. & General	18,594	(1,558)	17,036	3,110	20,146	(8)	20,138
25	Total Gas Expense	241,428	(99,274)	142,154	(85,460)	56,694	(189)	56,505
26	OPERATING INCOME BEFORE FIT	20,266	3,915	24,181	7,881	32,062	(3,905)	28,157
FEDERAL INCOME TAX								
27	Current Accrual	(6,651)	991	(5,660)	2,758	(2,902)	(1,367)	(4,269)
28	Debt Interest	-	(29)	(29)	(170)	(199)	-	(199)
29	Deferred FIT	12,388	-	12,388	-	12,388		12,388
30	Amort ITC	(20)	-	(20)	-	(20)		(20)
31	NET OPERATING INCOME	14,549	2,953	17,502	5,293	22,795	(2,538)	20,257
RATE BASE: PLANT IN SERVICE								
32	Underground Storage	25,622	-	25,622	98	25,720		25,720
33	Distribution Plant	354,360	-	354,360	13,407	367,767		367,767
34	General Plant	69,725	-	69,725	7,566	77,291		77,291
35	Total Plant in Service	449,707	-	449,707	21,071	470,778	-	470,778
ACCUMULATED DEPREC/AMORT								
36	Underground Storage	(9,824)	-	(9,824)	(82)	(9,906)		(9,906)
37	Distribution Plant	(119,790)	-	(119,790)	(1,957)	(121,747)		(121,747)
38	General Plant	(19,460)	-	(19,460)	(1,402)	(20,862)		(20,862)
39	Total Accum. Depreciation/Amort.	(149,074)	-	(149,074)	(3,441)	(152,515)	-	(152,515)
40	NET PLANT	300,633	-	300,633	17,630	318,263	-	318,263
41	DEFERRED FIT	(65,675)	50	(65,625)	(502)	(66,127)		(66,127)
42	Net Plant After DFIT	234,958	50	235,008	17,128	252,136	-	252,136
43	GAS INVENTORY	15,143	-	15,143	-	15,143		15,143
44	GAIN ON SALE OF BUILDING	-	-	-	-	-		-
45	OTHER	(509)	-	(509)	-	(509)		(509)
46	WORKING CAPITAL	9,797	2,828	12,625	-	12,625		12,625
47	TOTAL RATE BASE	259,389	2,878	262,267	17,128	279,395	0	279,395
48	RATE OF RETURN	5.6%		6.7%		8.2%		7.3%
49	REVENUE DEFICIENCY / (SUFFICIENCY)	6,866		2,440		(4,094)		

Blue = Input Black = Formula/Text

Traditional Revenue Requirement Calculations for Avista Corporation

Washington Natural Gas Pro Forma Revenue Requirement

Adjustment Details

Twelve Months Ended September 31, 2015

(\$000)

Line No.	DESCRIPTION	Restatement Adjustments						Adopt Staff Position	Uncollectible Expense
		Per Results Report	Deferred FIT Rate Base	Deferred Debits and Credits	Working Capital	Eliminate B & O Taxes	Restate Property Tax		
	Adjustment Number Workpaper Reference	1.00 G-ROO	1.01 G-DFIT	1.02 G-DDC	1.03 G-WC	2.01 G-EBO	2.02 G-RPT	2.03 G-UE	
	REVENUES								
1	Total General Business	\$ 152,492	\$ -	\$ -	\$ -	(5,520)	-	\$ -	
2	Total Transportation	4,114	-	-	-	(106)	-	-	
3	Other Revenues	105,088	-	-	-	-	-	-	
4	Total Gas Revenues	261,694	-	-	-	(5,626)	-	-	
	EXPENSES								
	Production Expenses								
5	City Gate Purchases	164,944	-	-	-	-	-	-	
6	Purchased Gas Expense	810	-	-	-	-	-	-	
7	Net Nat Gas Storage Trans	8,665	-	-	-	-	-	-	
8	Total Production	174,419	-	-	-	-	-	-	
	Underground Storage								
9	Operating Expenses	833	-	-	-	-	-	-	
10	Depreciation/Amortization	429	-	-	-	-	-	-	
11	Taxes	292	-	-	-	-	(26)	-	
12	Total Underground Storage	1,554	-	-	-	-	(26)	-	
	Distribution								
13	Operating Expenses	11,531	-	-	-	-	-	-	
14	Depreciation/Amortization	8,931	-	-	-	-	-	-	
15	Taxes	14,014	-	-	-	(5,612)	(325)	-	
16	Total Distribution	34,476	-	-	-	(5,612)	(325)	-	
17	Customer Accounting	6,595	-	1	-	-	-	(313)	
18	Customer Service & Information	5,790	-	-	-	-	-	-	
19	Sales Expenses	-	-	-	-	-	-	-	
	Administrative & General								
20	Operating Expenses	13,388	-	-	-	-	-	-	
21	Depreciation/Amortization	5,206	-	-	-	-	-	-	
22	Regulatory Amortizations	-	-	-	-	-	-	-	
23	Taxes	-	-	-	-	-	-	-	
24	Total Admin. & General	18,594	-	-	-	-	-	-	
25	Total Gas Expense	241,428	-	1	-	(5,612)	(351)	(313)	
26	OPERATING INCOME BEFORE FIT	20,266	-	(1)	-	(14)	351	313	
	FEDERAL INCOME TAX								
27	Current Accrual	(6,651)	-	(0)	-	(5)	123	110	
28	Debt Interest	-	(0)	-	(28)	-	-	-	
29	Deferred FIT	12,388	-	-	-	-	-	-	
30	Amort ITC	(20)	-	-	-	-	-	-	
31	NET OPERATING INCOME	\$ 14,549	\$ 0	\$ (1)	\$ 28	\$ (9)	\$ 228	\$ 203	
	RATE BASE								
	PLANT IN SERVICE								
32	Underground Storage	\$ 25,622	\$ -	\$ -	\$ -	-	-	\$ -	
33	Distribution Plant	354,360	-	-	-	-	-	-	
34	General Plant	69,725	-	-	-	-	-	-	
35	Total Plant in Service	449,707	-	-	-	-	-	-	
	ACCUMULATED DEPRECIATION/AMORT								
36	Underground Storage	(9,824)	-	-	-	-	-	-	
37	Distribution Plant	(119,790)	-	-	-	-	-	-	
38	General Plant	(19,460)	-	-	-	-	-	-	
39	Total Accumulated Depreciation/Amortization	(149,074)	-	-	-	-	-	-	
40	NET PLANT	300,633	-	-	-	-	-	-	
41	DEFERRED TAXES	(65,675)	50	-	-	-	-	-	
42	Net Plant After DFIT	234,958	50	-	-	-	-	-	
43	GAS INVENTORY	15,143	-	-	-	-	-	-	
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-	
45	OTHER	(509)	-	-	-	-	-	-	
46	WORKING CAPITAL	9,797	-	-	2,828	-	-	-	
47	TOTAL RATE BASE	\$ 259,389	\$ 50	\$ -	\$ 2,828	\$ -	\$ -	\$ -	
48	RATE OF RETURN	5.61%							
50	REVENUE REQUIREMENT	6,866	5	1	285	15	-368	-328	

Traditional Revenue Requirement Calculations for Avista Co

Washington Natural Gas Pro Forma Revenue Requirement

Adjustment Details

Twelve Months Ended September 31, 2015

(\$000)

Line No.	DESCRIPTION	Regulatory Expense	Injuries and Damages	FIT / DFIT Expense	Office Space Charges to Subs	Restate Excise Taxes	Net Gains/Losses	Weather Normalization / Gas Cost Adjust
	Adjustment Number	2.04	2.05	2.06	2.07	2.08	2.09	2.10
	Workpaper Reference	G-RE	G-ID	G-FIT	G-OSC	G-RET	G-NGL	G-WNGC
	REVENUES							
1	Total General Business	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	12,984
2	Total Transportation	-	-	-	-	-	-	-
3	Other Revenues	-	-	-	-	-	-	-
4	Total Gas Revenues	-	-	-	-	-	-	12,984
	EXPENSES							
	Production Expenses							
5	City Gate Purchases	-	-	-	-	-	-	10,600
6	Purchased Gas Expense	-	-	-	-	-	-	9
7	Net Nat Gas Storage Trans	-	-	-	-	-	-	-
8	Total Production	-	-	-	-	-	-	10,609
	Underground Storage							
9	Operating Expenses	-	-	-	-	-	-	-
10	Depreciation/Amortization	-	-	-	-	-	-	-
11	Taxes	-	-	-	-	-	-	-
12	Total Underground Storage	-	-	-	-	-	-	-
	Distribution							
13	Operating Expenses	-	-	-	-	-	-	-
14	Depreciation/Amortization	-	-	-	-	-	(6)	-
15	Taxes	-	-	-	-	(5)	-	497
16	Total Distribution	-	-	-	-	(5)	(6)	497
17	Customer Accounting	-	-	-	-	-	-	76
18	Customer Service & Information	-	-	-	-	-	-	-
19	Sales Expenses	-	-	-	-	-	-	-
	Administrative & General							
20	Operating Expenses	(12)	231	-	(9)	-	-	26
21	Depreciation/Amortization	-	-	-	-	-	-	-
22	Regulatory Amortizations	-	-	-	-	-	-	-
23	Taxes	-	-	-	-	-	-	-
24	Total Admin. & General	(12)	231	-	(9)	-	-	26
25	Total Gas Expense	(12)	231	-	(9)	(5)	(6)	11,208
26	OPERATING INCOME BEFORE FIT	12	(231)	-	9	5	6	1,776
	FEDERAL INCOME TAX							
27	Current Accrual	4	(81)	(223)	3	2	2	622
28	Debt Interest	-	-	-	-	-	-	-
29	Deferred FIT	-	-	-	-	-	-	-
30	Amort ITC	-	-	-	-	-	-	-
31	NET OPERATING INCOME	\$ 8	\$ (150)	\$ 223	\$ 6	\$ 3	\$ 4	\$ 1,154
	RATE BASE							
	PLANT IN SERVICE							
32	Underground Storage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Distribution Plant	-	-	-	-	-	-	-
34	General Plant	-	-	-	-	-	-	-
35	Total Plant in Service	-	-	-	-	-	-	-
	ACCUMULATED DEPRECIATION/AMORT							
36	Underground Storage	-	-	-	-	-	-	-
37	Distribution Plant	-	-	-	-	-	-	-
38	General Plant	-	-	-	-	-	-	-
39	Total Accumulated Depreciation/Amortization	-	-	-	-	-	-	-
40	NET PLANT	-	-	-	-	-	-	-
41	DEFERRED TAXES	-	-	-	-	-	-	-
42	Net Plant After DFIT	-	-	-	-	-	-	-
43	GAS INVENTORY	-	-	-	-	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-
45	OTHER	-	-	-	-	-	-	-
46	WORKING CAPITAL	-	-	-	-	-	-	-
47	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
48	RATE OF RETURN							
50	REVENUE REQUIREMENT	-13	242	-360	-9	-5	-6	-1,862

Traditional Revenue Requirement Calculations for Avista Cor

Washington Natural Gas Pro Forma Revenue Requirement
Adjustment Details
Twelve Months Ended September 31, 2015
(\$000)

Line No.	DESCRIPTION	Eliminate Adder Schedules	Adopt Staff			Pro Forma Adjustments				
			Modified Misc Restating Adjustments	Update Restate Debt Interest	Position Restating Incentive Adjustment	Project Compass Deferral	Restated TOTAL	Modified Pro Forma Labor Non-Exec	Pro Forma Labor Exec	Pro Forma Employee Benefits
		2.11 G-EAS	2.12 G-MR	2.13 G-DI	2.14 G-RI	2.15 G-CD	R-Ttl	3.00 G-PLN	3.01 G-PLE	3.02 G-PEB
	Adjustment Number	2.11	2.12	2.13	2.14	2.15		3.00	3.01	3.02
	Workpaper Reference	G-EAS	G-MR	G-DI	G-RI	G-CD	R-Ttl	G-PLN	G-PLE	G-PEB
	REVENUES									
1	Total General Business	\$ (3,325)	\$ -	\$ -	\$ -	\$ -	\$ 156,631	\$ -	\$ -	\$ -
2	Total Transportation	-	-	-	-	-	4,008	-	-	-
3	Other Revenues	(99,392)	-	-	-	-	5,696	-	-	-
4	Total Gas Revenues	(102,717)	-	-	-	-	166,335	-	-	-
	EXPENSES									
	Production Expenses									
5	City Gate Purchases	(88,985)	-	-	-	-	86,559	-	-	-
6	Purchased Gas Expense	-	-	-	4	-	823	13	(25)	12
7	Net Nat Gas Storage Trans	(8,665)	-	-	-	-	-	-	-	-
8	Total Production	(97,650)	-	-	4	-	87,382	13	(25)	12
	Underground Storage									
9	Operating Expenses	-	-	-	1	-	834	(0)	-	(0)
10	Depreciation/Amortization	-	-	-	-	-	429	-	-	-
11	Taxes	-	-	-	-	-	266	-	-	-
12	Total Underground Storage	-	-	-	1	-	1,529	(0)	-	(0)
	Distribution									
13	Operating Expenses	-	-	-	60	-	11,591	171	-	144
14	Depreciation/Amortization	-	-	-	-	-	8,925	-	-	-
15	Taxes	(127)	-	-	-	-	8,442	-	-	-
16	Total Distribution	(127)	-	-	60	-	28,958	171	-	144
17	Customer Accounting	(19)	-	-	31	-	6,371	93	-	82
18	Customer Service & Information	(4,914)	-	-	2	-	878	8	-	7
19	Sales Expenses	-	-	-	-	-	-	0	-	-
	Administrative & General									
20	Operating Expenses	(7)	(318)	-	36	-	13,335	110	12	100
21	Depreciation/Amortization	-	-	-	-	-	5,206	-	-	-
22	Regulatory Amortizations	-	-	-	-	(1,505)	(1,505)	-	-	-
23	Taxes	-	-	-	-	-	-	-	-	-
24	Total Admin. & General	(7)	(318)	-	36	(1,505)	17,036	110	12	100
25	Total Gas Expense	(102,717)	(318)	-	134	(1,505)	142,154	394	(13)	345
26	OPERATING INCOME BEFORE FIT	-	318	-	(134)	1,505	24,181	(394)	13	(345)
	FEDERAL INCOME TAX									
27	Current Accrual	-	111	(157)	(47)	527	(5,660)	(138)	5	(121)
28	Debt Interest	-	-	-	-	-	(29)	-	-	-
29	Deferred FIT	-	-	-	-	-	12,388	-	-	-
30	Amort ITC	-	-	-	-	-	(20)	-	-	-
31	NET OPERATING INCOME	\$ -	\$ 207	\$ 157	\$ (87)	\$ 978	\$ 17,502	\$ (256)	\$ 8	\$ (224)
	RATE BASE									
	PLANT IN SERVICE									
32	Underground Storage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,622	\$ -	\$ -	\$ -
33	Distribution Plant	-	-	-	-	-	354,360	-	-	-
34	General Plant	-	-	-	-	-	69,725	-	-	-
35	Total Plant in Service	-	-	-	-	-	449,707	-	-	-
	ACCUMULATED DEPRECIATION/AMORT									
36	Underground Storage	-	-	-	-	-	(9,824)	-	-	-
37	Distribution Plant	-	-	-	-	-	(119,790)	-	-	-
38	General Plant	-	-	-	-	-	(19,460)	-	-	-
39	Total Accumulated Depreciation/Amortization	-	-	-	-	-	(149,074)	-	-	-
40	NET PLANT	-	-	-	-	-	300,633	-	-	-
41	DEFERRED TAXES	-	-	-	-	-	(65,625)	-	-	-
42	Net Plant After DFIT	-	-	-	-	-	235,008	-	-	-
43	GAS INVENTORY	-	-	-	-	-	15,143	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-	-	-
45	OTHER	-	-	-	-	-	(509)	-	-	-
46	WORKING CAPITAL	-	-	-	-	-	12,625	-	-	-
47	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 262,267	\$ -	\$ -	\$ -
48	RATE OF RETURN									
50	REVENUE REQUIREMENT	0	-333	-253	140	-1,578	2,440	413	-14	361

Traditional Revenue Requirement Calculations for Avista Co

Washington Natural Gas Pro Forma Revenue Requirement
Adjustment Details
Twelve Months Ended September 31, 2015
(\$000)

Line No.	DESCRIPTION	Adopt Staff	Adopt Staff	Pro Forma Revenue Normalization	Pro Forma Atmospheric Testing	Pro Forma Regulatory Amortization	Adopt Staff	Adopt Staff
		Position	Position				Position	Position
		Pro Forma Pipeline Safety Labor	Pro Forma Property Tax				Pro Forma Capital Add Dec 2015 AMA	Pro Forma 2016 Limited Capital Adds
		3.03	3.04	3.05	3.06	3.07	3.08	3.09
		G-PPS	G-PPT	G-PREV	G-PAT	G-PRA	G-PCAP15	G-PCAP16
	Adjustment Number	3.03	3.04	3.05	3.06	3.07	3.08	3.09
	Workpaper Reference	G-PPS	G-PPT	G-PREV	G-PAT	G-PRA	G-PCAP15	G-PCAP16
	REVENUES							
1	Total General Business	-	-	\$ (72,574)	\$ -	-	-	-
2	Total Transportation	-	-	408	-	-	-	-
3	Other Revenues	-	-	(5,413)	-	-	-	-
4	Total Gas Revenues	-	-	(77,579)	-	-	-	-
	EXPENSES							
	Production Expenses							
5	City Gate Purchases	-	-	(86,559)	-	-	-	-
6	Purchased Gas Expense	-	-	-	-	-	-	-
7	Net Nat Gas Storage Trans	-	-	-	-	-	-	-
8	Total Production	-	-	(86,559)	-	-	-	-
	Underground Storage							
9	Operating Expenses	-	-	-	-	-	-	-
10	Depreciation/Amortization	-	-	-	-	-	10	-
11	Taxes	-	17	-	-	-	-	-
12	Total Underground Storage	-	17	-	-	-	10	-
	Distribution							
13	Operating Expenses	-	-	-	236	-	-	-
14	Depreciation/Amortization	-	-	-	-	-	163	33
15	Taxes	-	213	(2,764)	-	-	-	-
16	Total Distribution	-	213	(2,764)	236	-	163	33
17	Customer Accounting	-	-	(423)	-	-	-	-
18	Customer Service & Information	-	-	-	-	-	-	-
19	Sales Expenses	-	-	-	-	-	-	-
	Administrative & General							
20	Operating Expenses	-	-	(144)	-	-	-	-
21	Depreciation/Amortization	-	-	-	-	-	443	39
22	Regulatory Amortizations	-	-	-	-	2,584	-	-
23	Taxes	-	-	-	-	-	-	-
24	Total Admin. & General	-	-	(144)	-	2,584	443	39
25	Total Gas Expense	-	230	(89,890)	236	2,584	616	72
26	OPERATING INCOME BEFORE FIT	-	(230)	12,311	(236)	(2,584)	(616)	(72)
	FEDERAL INCOME TAX							
27	Current Accrual	-	(81)	4,309	(83)	(904)	(216)	(25)
28	Debt Interest	-	-	-	-	-	(96)	(74)
29	Deferred FIT	-	-	-	-	-	-	-
30	Amort ITC	-	-	-	-	-	-	-
31	NET OPERATING INCOME	\$ -	\$ (150)	\$ 8,002	\$ (153)	\$ (1,680)	\$ (305)	\$ 28
	RATE BASE							
	PLANT IN SERVICE							
32	Underground Storage	-	-	\$ -	\$ -	\$ -	98	-
33	Distribution Plant	-	-	-	-	-	6,252	7,155
34	General Plant	-	-	-	-	-	5,790	1,776
35	Total Plant in Service	-	-	-	-	-	12,140	8,931
	ACCUMULATED DEPRECIATION/AMORT							
36	Underground Storage	-	-	-	-	-	(82)	-
37	Distribution Plant	-	-	-	-	-	(1,834)	(123)
38	General Plant	-	-	-	-	-	(1,280)	(122)
39	Total Accumulated Depreciation/Amortization	-	-	-	-	-	(3,196)	(245)
40	NET PLANT	-	-	-	-	-	8,944	8,686
41	DEFERRED TAXES	-	-	-	-	-	696	(1,198)
42	Net Plant After DFIT	-	-	-	-	-	9,640	7,488
43	GAS INVENTORY	-	-	-	-	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-
45	OTHER	-	-	-	-	-	-	-
46	WORKING CAPITAL	-	-	-	-	-	-	-
47	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,640	\$ 7,488
48	RATE OF RETURN							
50	REVENUE REQUIREMENT	0	241	-12,907	247	2,709	1,619	831

Traditional Revenue Requirement Calculations for Avista Cor

Washington Natural Gas Pro Forma Revenue Requirement
Adjustment Details
Twelve Months Ended September 31, 2015
(\$000)

Line No.	DESCRIPTION	Adopt Staff	Pro Forma
		Position	O&M Offsets
			Sub-Total
	Adjustment Number	3.10	
	Workpaper Reference	G-POFF	PF-STd
	REVENUES		
1	Total General Business	-	\$ 84,057
2	Total Transportation	-	4,416
3	Other Revenues	-	283
4	Total Gas Revenues	-	88,756
	EXPENSES		
	Production Expenses		
5	City Gate Purchases	-	-
6	Purchased Gas Expense	-	823
7	Net Nat Gas Storage Trans	-	-
8	Total Production	-	823
	Underground Storage		
9	Operating Expenses	-	834
10	Depreciation/Amortization	-	439
11	Taxes	-	283
12	Total Underground Storage	-	1,556
	Distribution		
13	Operating Expenses	-	12,142
14	Depreciation/Amortization	-	9,121
15	Taxes	-	5,891
16	Total Distribution	-	27,154
17	Customer Accounting	-	6,123
18	Customer Service & Information	-	893
19	Sales Expenses	-	0
	Administrative & General		
20	Operating Expenses	(34)	13,379
21	Depreciation/Amortization	-	5,688
22	Regulatory Amortizations	-	1,079
23	Taxes	-	-
24	Total Admin. & General	(34)	20,146
25	Total Gas Expense	(34)	56,694
26	OPERATING INCOME BEFORE FIT	34	32,062
	FEDERAL INCOME TAX		
27	Current Accrual	12	(2,902)
28	Debt Interest	-	(199)
29	Deferred FIT	-	12,388
30	Amort ITC	-	(20)
31	NET OPERATING INCOME	\$ 22	\$ 22,795
	RATE BASE		
	PLANT IN SERVICE		
32	Underground Storage	-	\$ 25,720
33	Distribution Plant	-	367,767
34	General Plant	-	77,291
35	Total Plant in Service	-	470,778
	ACCUMULATED DEPRECIATION/AMORT		
36	Underground Storage	-	(9,906)
37	Distribution Plant	-	(121,747)
38	General Plant	-	(20,862)
39	Total Accumulated Depreciation/Amortization	-	(152,515)
40	NET PLANT	-	318,263
41	DEFERRED TAXES	-	(66,127)
42	Net Plant After DFIT	-	252,136
43	GAS INVENTORY	-	15,143
44	GAIN ON SALE OF BUILDING	-	-
45	OTHER	-	(509)
46	WORKING CAPITAL	-	12,625
47	TOTAL RATE BASE	\$ -	\$ 279,395
48	RATE OF RETURN		
50	REVENUE REQUIREMENT	-36	-4,094

Traditional Revenue Requirement Calculations for Avista Corporation

Washington Natural Gas Pro Forma Revenue Requirement
Revenue Conversion Factor Calculation
Twelve Months Ended September 31, 2015

Line No.	Description	Factor
1	Revenues	1.000000
	Expense:	
2	Uncollectibles	0.005855
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038294
6	Total Expense	<u>0.046150</u>
7	Net Operating Income Before FIT	0.953850
8	Federal Income Tax @ 35%	0.333848
9	REVENUE CONVERSION FACTOR	0.620003

(Per Order No. 6; UE-120437, dated 6/20/2012 - "hard" CF rounded to 6 digits)

Traditional Revenue Requirement Calculations for Avista Corporation

Washington Natural Gas Pro Forma Revenue Requirement

Capital Structure

Twelve Months Ended September 31, 2015

Capital Structure			
Component	Capital Structure	Cost	Weighted Cost
Total Debt	51.5%	5.51%	2.84%
Common Equity	<u>48.5%</u>	9.10%	<u>4.41%</u>
Total	<u><u>100.00%</u></u>		<u><u>7.25%</u></u>