

**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.	)	

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**EXHIBIT NO. BGM-5**  
**ELECTRIC TRADITIONAL REVENUE REQUIREMENT CALCULATIONS**  
**REVISED September 22, 2016**

Electric 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)	102,043	1,309,195	(11,497)	102,043	1,309,195	(11,497)
<i>Restating Adjustments:</i>								
2	1.01	Deferred FIT Rate Base	(65)	(6,556)	(662)	(65)	(6,556)	(662)
3	1.02	Deferred Debits and Credits	1,055	(6,302)	(2,440)	1,055	(6,302)	(2,440)
4	1.03	Working Capital	43	4,352	439	43	4,352	439
5	1.04	Plant Held For Future Use	54	5,431	548	-	-	-
6	2.01	Eliminate B & O Taxes	(62)	-	101	(62)	-	101
7	2.02	Restate Property Tax	(283)	-	456	(283)	-	456
8	2.03	Uncollect. Expense	(685)	-	1,105	(685)	-	1,105
9	2.04	Regulatory Expense	(12)	-	19	(12)	-	19
10	2.05	Injuries and Damages	(118)	-	190	(118)	-	190
11	2.06	FIT/DFIT/ ITC/PTC Expense	566	-	(913)	566	-	(913)
12	2.07	Office Space Charges to Non-Utility	21	-	(35)	21	-	(35)
13	2.08	Restate Excise Taxes	216	-	(349)	216	-	(349)
14	2.09	Net Gains / Losses	51	-	(83)	51	-	(83)
15	2.10	Weather Normalization	1,927	-	(3,108)	1,927	-	(3,108)
16	2.11	Eliminate Adder Schedules	-	-	-	-	-	-
17	2.12	Misc. Restating Non-Util / Non-Recurring Expenses	532	-	(858)	747	-	(1,204)
18	2.13	Eliminate WA Power Cost Defer	5,034	-	(8,121)	5,034	-	(8,121)
19	2.14	Nez Perce Settlement Adjustment	6	-	(9)	6	-	(9)
20	2.15	Restate Debt Interest	435	-	(702)	148	-	(239)
21	2.16	Restate Incentive Expenses	800	-	(1,291)	800	-	(1,291)
22		<b>Restated Results</b>	<b>111,559</b>	<b>1,306,120</b>	<b>(27,209)</b>	<b>111,434</b>	<b>1,300,689</b>	<b>(27,641)</b>
<i>Pro Forma Adjustments</i>								
23	3.00	Pro Forma Power Supply	(3,592)	-	5,795	(2,778)	-	4,482
24	3.01	Pro Forma Transmission Rev/Exp	(369)	-	596	217	-	(349)
25	3.02	Pro Forma Labor Non-Exec	(1,349)	-	2,176	(803)	-	1,295
26	3.03	Pro Forma Labor Exec	(35)	-	57	(35)	-	57
27	3.04	Pro Forma Employee Benefits	(750)	-	1,210	(750)	-	1,210
28	3.05	Pro Forma Regulatory Amortization Adj	255	-	(412)	255	-	(412)
29	3.06	Pro Forma Property Tax	(704)	-	1,136	(704)	-	1,136
30	3.07	Pro Forma Meter Deferral & Amortization	(749)	-	1,209	-	-	-
31	3.08	Pro Forma Revenue Normalization	(1,988)	-	3,207	(1,988)	-	3,207
32	3.09	Pro Forma Capital Add Dec 2015 AMA	(1,062)	18,307	3,855	(1,062)	18,307	3,855
33	3.10	Pro Forma 2016 Limited Capital Adds	(347)	86,690	10,699	195	63,284	7,088
34	3.11	Pro Forma O&M Offsets	133	-	(214)	133	-	(214)
35	3.12	PF Major Maint Normalize CS2/Colstrip	(534)	-	862	(534)	-	862
36		<b>Pro Forma Results (Traditional Rev. Req.)</b>	<b>100,468</b>	<b>1,411,117</b>	<b>2,965</b>	<b>103,579</b>	<b>1,382,280</b>	<b>(5,426)</b>

Electric Revenue Requirement Summary (\$000)

Line	Adj. No.	Description	Impact of ICNU/NWIGU Adjustments				ICNU/NWIGU Position
			Pre-Tax Net Oper. Income	Net Oper. Income	Rate Base	Rev. Req. Def. / (Suf.)	
1	1.00	<b>Per Book Results (Y/E Sep. 30, 2015)</b>					
<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	1.04	Plant Held For Future Use	(83)	(54)	(5,431)	(548)	ICNU/NWIGU Oppose
6	2.01	Eliminate B & O Taxes	-	-	-	-	ICNU/NWIGU Neutral
7	2.02	Restate Property Tax	-	-	-	-	ICNU/NWIGU Neutral
8	2.03	Uncollect. Expense	-	-	-	-	ICNU/NWIGU Neutral
9	2.04	Regulatory Expense	-	-	-	-	ICNU/NWIGU Neutral
10	2.05	Injuries and Damages	-	-	-	-	ICNU/NWIGU Neutral
11	2.06	FIT/DFIT/ ITC/PTC Expense	-	-	-	-	ICNU/NWIGU Neutral
12	2.07	Office Space Charges to Non-Utility	-	-	-	-	ICNU/NWIGU Neutral
13	2.08	Restate Excise Taxes	-	-	-	-	ICNU/NWIGU Neutral
14	2.09	Net Gains / Losses	-	-	-	-	ICNU/NWIGU Neutral
15	2.10	Weather Normalization	-	-	-	-	ICNU/NWIGU Neutral
16	2.11	Eliminate Adder Schedules	-	-	-	-	ICNU/NWIGU Neutral
17	2.12	Misc. Restating Non-Util / Non-Recurring Expenses	330	215	-	(347)	ICNU/NWIGU Modified
18	2.13	Eliminate WA Power Cost Defer	-	-	-	-	ICNU/NWIGU Neutral
19	2.14	Nez Perce Settlement Adjustment	-	-	-	-	ICNU/NWIGU Neutral
20	2.15	Restate Debt Interest	-	(287)	-	462	ICNU/NWIGU Modified
21	2.16	Restate Incentive Expenses	-	-	-	-	
22		<b>Restated Results</b>	<b>247</b>	<b>(126)</b>	<b>(5,431)</b>	<b>(432)</b>	
<i>Pro Forma Adjustments</i>							
23	3.00	Pro Forma Power Supply	1,252	814	-	(1,313)	ICNU/NWIGU Modified
24	3.01	Pro Forma Transmission Rev/Exp	901	586	-	(945)	ICNU/NWIGU Modified
25	3.02	Pro Forma Labor Non-Exec	840	546	-	(881)	ICNU/NWIGU Modified
26	3.03	Pro Forma Labor Exec	-	-	-	-	ICNU/NWIGU Neutral
27	3.04	Pro Forma Employee Benefits	-	-	-	-	ICNU/NWIGU Neutral
28	3.05	Pro Forma Regulatory Amortization Adj	-	-	-	-	ICNU/NWIGU Neutral
29	3.06	Pro Forma Property Tax	-	-	-	-	ICNU/NWIGU Neutral
30	3.07	Pro Forma Meter Deferral & Amortization	1,153	749	-	(1,209)	ICNU/NWIGU Modified
31	3.08	Pro Forma Revenue Normalization	-	-	-	-	ICNU/NWIGU Neutral
32	3.09	Pro Forma Capital Add Dec 2015 AMA	-	-	-	-	ICNU/NWIGU Neutral
33	3.10	Pro Forma 2016 Limited Capital Adds	833	541	(23,406)	(3,611)	ICNU/NWIGU Modified
34	3.11	Pro Forma O&M Offsets	-	-	-	-	ICNU/NWIGU Neutral
35	3.12	PF Major Maint Normalize CS2/Colstrip	-	-	-	-	ICNU/NWIGU Neutral
36		<b>Pro Forma Results (Traditional Rev. Req.)</b>	<b>5,226</b>	<b>3,110</b>	<b>(28,837)</b>	<b>(8,391)</b>	

**Traditional Revenue Requirement Calculations for Avista Corporation**

Washington Electric 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
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g</i>	<i>h</i>
<b>REVENUES</b>								
1	Total General Business	\$512,020	(\$12,697)	\$499,323	(\$5,179)	\$494,144	(\$5,425)	\$488,719
2	Interdepartmental Sales	920	-	920	-	920	-	920
3	Sales for Resale	84,664	-	84,664	(47,454)	37,210	-	37,210
4	Total Sales of Electricity	597,604	-	584,907	-	532,274	(5,425)	526,849
5	Other Revenue	76,513	(14)	76,499	(61,476)	15,023	-	15,023
6	Total Electric Revenue	674,117	-	661,406	-	547,297	(5,425)	541,872
<b>EXPENSES</b>								
Production and Transmission								
7	Operating Expenses	189,010	3,563	192,573	(60,622)	131,951	-	131,951
8	Purchased Power	115,031	-	115,031	(44,663)	70,368	-	70,368
9	Depreciation/Amortization	24,379	-	24,379	856	25,235	-	25,235
10	Regulatory Amortization	(1,445)	6,669	5,224	(393)	4,831	-	4,831
11	Taxes	13,890	(178)	13,712	620	14,332	-	14,332
12	Total Production & Transmission	340,865	10,054	350,919	(104,201)	246,718	-	246,718
Distribution								
13	Operating Expenses	22,961	(306)	22,655	564	23,219	-	23,219
14	Depreciation/Amortization	25,024	(79)	24,945	142	25,087	-	25,087
15	Regulatory Amortization	-	-	-	-	-	-	-
16	Taxes	45,055	(17,539)	27,516	264	27,780	(209)	27,571
17	Total Distribution	93,040	(17,924)	75,116	970	76,086	(209)	75,877
18	Customer Accounting	10,543	953	11,496	239	11,735	(32)	11,703
19	Customer Service & Information	19,433	(17,926)	1,507	25	1,532	-	1,532
20	Sales Expenses	-	-	-	0	0	-	0
Administrative & General								
21	Operating Expenses	49,315	(1,333)	47,982	606	48,588	(11)	48,577
22	Depreciation/Amortization	20,268	-	20,268	1,942	22,210	-	22,210
23	Taxes	-	-	-	-	-	-	-
24	Total Admin. & General	69,583	(1,333)	68,250	2,549	70,798	(11)	70,787
25	Total Electric Expenses	533,464	(26,176)	507,288	(100,418)	406,869	(252)	406,617
26	OPERATING INCOME BEFORE FIT	140,653	26,176	154,118	100,418	140,428	(5,173)	135,255
FEDERAL INCOME TAX								
27	Current Accrual	(7,654)	5,593	(2,061)	(4,792)	(6,852)	(1,811)	(8,663)
28	Debt Interest	-	85	85	(1,044)	(959)	-	(959)
29	Deferred Income Taxes	46,391	(1,603)	44,788	-	44,788	-	44,788
30	Amortized Investment Tax Credit	(127)	-	(127)	-	(127)	-	(127)
31	NET OPERATING INCOME	\$102,043	\$22,102	\$111,434	\$106,254	\$103,578	(\$3,362)	\$100,216
RATE BASE								
PLANT IN SERVICE								
32	Intangible	\$132,877	\$0	\$132,877	\$20,293	\$153,170	-	\$153,170
33	Production	762,834	-	762,834	69,081	831,915	-	831,915
34	Transmission	390,240	-	390,240	14,417	404,657	-	404,657
35	Distribution	880,960	-	880,960	13,449	894,409	-	894,409
36	General	207,659	-	207,659	944	208,603	-	208,603
37	Total Plant in Service	2,374,570	-	2,374,570	118,184	2,492,754	-	2,492,754
ACCUMULATED DEPRECIATION								
38	Intangible	(23,450)	-	(23,450)	(2,055)	(25,505)	-	(25,505)
39	Production	(334,622)	-	(334,622)	(3,491)	(338,113)	-	(338,113)
40	Transmission	(126,839)	-	(126,839)	(791)	(127,630)	-	(127,630)
41	Distribution	(268,267)	-	(268,267)	(5,477)	(273,744)	-	(273,744)
42	General	(70,794)	-	(70,794)	2,141	(68,653)	-	(68,653)
43	Total Accumulated Depreciation	(823,972)	-	(823,972)	(9,674)	(833,646)	-	(833,646)
44	NET PLANT BEFORE DFIT	1,550,598	-	1,550,598	106,580	1,659,108	-	1,659,108
45	DEFERRED TAXES	(294,027)	(6,556)	(300,583)	(26,919)	(327,502)	-	(327,502)
46	NET PLANT AFTER DFIT	1,256,571	(6,556)	1,250,015	(26,919)	1,331,606	-	1,331,606
47	DEFERRED DEBITS AND CREDITS	8,204	(6,302)	1,902	-	1,902	-	1,902
48	WORKING CAPITAL	44,420	4,352	48,772	-	48,772	-	48,772
50	TOTAL RATE BASE	\$1,309,195	(\$8,506)	\$1,300,689	(\$26,919)	\$1,382,280	\$0	\$1,382,280
51	RATE OF RETURN	7.79%	-	8.57%	-	7.49%	-	7.25%
52	REVENUE REQUIREMENT	(11,497)	-	(27,641)	-	(5,426)	-	-

**Traditional Revenue Requirement Calculations for Avista Corporation**

Washington Electric Pro Forma Revenue Requirement

Adjustment Details

Twelve Months Ended September 31, 2015

(\$000)

**Restatement Adjustments**

Line No.	DESCRIPTION	Contest							
		Results of Operations	Deferred FIT Rate Base	Deferred Debits and Credits	Working Capital	Plant Held For Future Use	Eliminate B & O Taxes	Restate Property Tax	Uncollect. Expense
	Adjustment Number	1.00	1.01	1.02	1.03	1.04	2.01	2.02	2.03
	Worksheet Reference	E-ROO	E-DFIT	E-DDC	E-WC	E-PHF	E-EBO	E-RPT	E-UE
<b>REVENUES</b>									
1	Total General Business	\$512,020	\$0	\$0	\$0	\$0	(\$18,110)	\$0	\$0
2	Interdepartmental Sales	920	-	-	-	-	-	-	-
3	Sales for Resale	84,664	-	-	-	-	-	-	-
4	Total Sales of Electricity	597,604	-	-	-	-	(18,110)	-	-
5	Other Revenue	76,513	-	-	-	-	(14)	-	-
6	Total Electric Revenue	674,117	-	-	-	-	(18,124)	-	-
<b>EXPENSES</b>									
<b>Production and Transmission</b>									
7	Operating Expenses	189,010	-	(363)	-	-	-	-	-
8	Purchased Power	115,031	-	-	-	-	-	-	-
9	Depreciation/Amortization	24,379	-	-	-	-	-	-	-
10	Regulatory Amortization	(1,445)	-	(1,360)	-	-	-	-	-
11	Taxes	13,890	-	-	-	-	-	(178)	-
12	Total Production & Transmission	340,865	-	(1,723)	-	-	-	(178)	-
<b>Distribution</b>									
13	Operating Expenses	22,961	-	-	-	-	-	-	-
14	Depreciation/Amortization	25,024	-	-	-	-	-	-	-
15	Regulatory Amortization	0	-	-	-	-	-	-	-
16	Taxes	45,055	-	-	-	-	(18,028)	613	-
17	Total Distribution	93,040	-	-	-	-	(18,028)	613	-
18	Customer Accounting	10,543	-	3	-	-	-	-	1,054
19	Customer Service & Information	19,433	-	-	-	-	-	-	-
20	Sales Expenses	0	-	-	-	-	-	-	-
<b>Administrative &amp; General</b>									
21	Operating Expenses	49,315	-	-	-	-	-	-	-
22	Depreciation/Amortization	20,268	-	-	-	-	-	-	-
23	Taxes	0	-	-	-	-	-	-	-
24	Total Admin. & General	69,583	-	-	-	-	-	-	-
25	Total Electric Expenses	533,464	-	(1,720)	-	-	(18,028)	435	1,054
26	OPERATING INCOME BEFORE FIT	140,653	-	1,720	-	-	(96)	(435)	(1,054)
<b>FEDERAL INCOME TAX</b>									
27	Current Accrual	(7,654)	-	602	-	-	(34)	(152)	(369)
28	Debt Interest	0	65	63	(43)	-	-	-	-
29	Deferred Income Taxes	46,391	-	-	-	-	-	-	-
30	Amortized ITC - Noxon	(127)	-	-	-	-	-	-	-
31	NET OPERATING INCOME	\$102,043	(\$65)	\$1,055	\$43	\$0	(\$62)	(\$283)	(\$685)
<b>RATE BASE</b>									
<b>PLANT IN SERVICE</b>									
32	Intangible	\$132,877	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33	Production	762,834	-	-	-	-	-	-	-
34	Transmission	390,240	-	-	-	-	-	-	-
35	Distribution	880,960	-	-	-	-	-	-	-
36	General	207,659	-	-	-	-	-	-	-
37	Total Plant in Service	2,374,570	-	-	-	-	-	-	-
<b>ACCUMULATED DEPRECIATION/AMORT</b>									
38	Intangible	(23,450)	-	-	-	-	-	-	-
39	Production	(334,622)	-	-	-	-	-	-	-
40	Transmission	(126,839)	-	-	-	-	-	-	-
41	Distribution	(268,267)	-	-	-	-	-	-	-
42	General	(70,794)	-	-	-	-	-	-	-
43	Total Accumulated Depreciation	(823,972)	-	-	-	-	-	-	-
44	NET PLANT	1,550,598	-	-	-	-	-	-	-
45	DEFERRED TAXES	(294,027)	(6,556)	-	-	-	-	-	-
46	Net Plant After DFIT	1,256,571	(6,556)	-	-	-	-	-	-
47	DEFERRED DEBITS AND CREDITS & OTHER	8,204	-	(6,302)	-	-	-	-	-
48	WORKING CAPITAL	44,420	-	-	4,352	-	-	-	-
49	TOTAL RATE BASE	1,309,195	(\$6,556)	(\$6,302)	\$4,352	\$0	\$0	\$0	\$0
50	RATE OF RETURN	7.79%							
51	REVENUE REQUIREMENT	(11,497)	(662)	(2,440)	439	-	101	456	1,105

**Traditional Revenue Requirement Calculations for Avista Co**

Washington Electric Pro Forma Revenue Requirement

Adjustment Details

Twelve Months Ended September 31, 2015

(\$000)

Line No.	DESCRIPTION	Regulatory Expense	Injuries and Damages	FIT/DFIT/ITC/PTC Expense	Office Space Charges to Non-Utility	Restate Excise Taxes	Net Gains / Losses	Weather Normalization	Eliminate Adder Schedules
		2.04	2.05	2.06	2.07	2.08	2.09	2.10	2.11
		E-RE	E-ID	E-FIT	E-OSC	E-RET	E-NGL	E-WN	E-EAS
	Adjustment Number	2.04	2.05	2.06	2.07	2.08	2.09	2.10	2.11
	Workpaper Reference	E-RE	E-ID	E-FIT	E-OSC	E-RET	E-NGL	E-WN	E-EAS
	REVENUES								
1	Total General Business	\$0	\$0	\$0	\$0	\$0	\$0	\$3,108	(\$10,581)
2	Interdepartmental Sales	-	-	-	-	-	-	-	-
3	Sales for Resale	-	-	-	-	-	-	-	-
4	Total Sales of Electricity	-	-	-	-	-	-	3,108	(10,581)
5	Other Revenue	-	-	-	-	-	-	-	-
6	Total Electric Revenue	-	-	-	-	-	-	3,108	(10,581)
	EXPENSES								
	Production and Transmission								
7	Operating Expenses	-	-	-	-	-	-	-	(206)
8	Purchased Power	-	-	-	-	-	-	-	-
9	Depreciation/Amortization	0	-	-	-	-	-	-	-
10	Regulatory Amortization	-	-	-	-	-	-	-	8,029
11	Taxes	-	-	-	-	-	-	-	-
12	Total Production & Transmission	-	-	-	-	-	-	-	7,823
	Distribution								
13	Operating Expenses	-	-	-	-	-	-	-	-
14	Depreciation/Amortization	-	-	-	-	-	(79)	-	-
15	Regulatory Amortization	-	-	-	-	-	-	-	-
16	Taxes	-	-	-	-	(333)	-	120	(407)
17	Total Distribution	-	-	-	-	(333)	(79)	120	(407)
18	Customer Accounting	-	-	-	-	-	-	18	(62)
19	Customer Service & Information	-	-	-	-	-	-	-	(17,914)
20	Sales Expenses	-	-	-	-	-	-	-	-
	Administrative & General								
21	Operating Expenses	18	181	-	(33)	-	-	6	(21)
22	Depreciation/Amortization	-	-	-	-	-	-	-	-
23	Taxes	-	-	-	-	-	-	-	-
24	Total Admin. & General	18	181	-	(33)	-	-	6	(21)
25	Total Electric Expenses	18	181	-	(33)	(333)	(79)	144	(10,581)
26	OPERATING INCOME BEFORE FIT	(18)	(181)	-	33	333	79	2,964	-
	FEDERAL INCOME TAX								
27	Current Accrual	(6)	(63)	(566)	12	117	28	1,037	-
28	Debt Interest	-	-	-	-	-	-	-	-
29	Deferred Income Taxes	-	-	-	-	-	-	-	-
30	Amortized ITC - Noxon	-	-	-	-	-	-	-	-
31	NET OPERATING INCOME	(\$12)	(\$118)	\$566	\$21	\$216	\$51	\$1,927	\$0
	RATE BASE								
	PLANT IN SERVICE								
32	Intangible	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33	Production	-	-	-	-	-	-	-	-
34	Transmission	-	-	-	-	-	-	-	-
35	Distribution	-	-	-	-	-	-	-	-
36	General	-	-	-	-	-	-	-	-
37	Total Plant in Service	-	-	-	-	-	-	-	-
	ACCUMULATED DEPRECIATION/AMORT								
38	Intangible	-	-	-	-	-	-	-	-
39	Production	-	-	-	-	-	-	-	-
40	Transmission	-	-	-	-	-	-	-	-
41	Distribution	-	-	-	-	-	-	-	-
42	General	-	-	-	-	-	-	-	-
43	Total Accumulated Depreciation	-	-	-	-	-	-	-	-
44	NET PLANT	-	-	-	-	-	-	-	-
45	DEFERRED TAXES	-	-	-	-	-	-	-	-
46	Net Plant After DFIT	-	-	-	-	-	-	-	-
47	DEFERRED DEBITS AND CREDITS & OTHER	-	-	-	-	-	-	-	-
48	WORKING CAPITAL	-	-	-	-	-	-	-	-
49	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
50	RATE OF RETURN								
51	REVENUE REQUIREMENT	19	190	(913)	(35)	(349)	(83)	(3,108)	-

**Traditional Revenue Requirement Calculations for Avista Co**

Washington Electric Pro Forma Revenue Requirement

Adjustment Details

Twelve Months Ended September 31, 2015

(\$000)

Line No.	DESCRIPTION	Contest			Update		Restated TOTAL
		Misc. Restating Non-Util / Non-Recurring Expenses	Eliminate WA Power Cost Defer	Nez Perce Settlement Adjustment	Restate Debt Interest	Restate Incentive Expenses	
		2.12	2.13	2.14	2.15	2.16	R-TH
	Adjustment Number						
	Workpaper Reference	E-MR	E-EWPC	E-NPS	E-RDI	E-RI	
<b>REVENUES</b>							
1	Total General Business	\$0	\$12,886	\$0	\$0	\$0	\$499,323
2	Interdepartmental Sales	-	-	-	-	-	920
3	Sales for Resale	-	-	-	-	-	84,664
4	Total Sales of Electricity	-	12,886	-	-	-	584,907
5	Other Revenue	-	-	-	-	-	76,499
6	Total Electric Revenue	-	12,886	-	-	-	661,406
<b>EXPENSES</b>							
<b>Production and Transmission</b>							
7	Operating Expenses	(1)	4,557	(9)	-	(415)	192,573
8	Purchased Power	-	-	-	-	-	115,031
9	Depreciation/Amortization	-	-	-	-	-	24,379
10	Regulatory Amortization	-	-	-	-	-	5,224
11	Taxes	-	-	-	-	-	13,712
12	Total Production & Transmission	(1)	4,557	(9)	-	(415)	350,919
<b>Distribution</b>							
13	Operating Expenses	(1)	-	-	-	(305)	22,655
14	Depreciation/Amortization	-	-	-	-	-	24,945
15	Regulatory Amortization	-	-	-	-	-	-
16	Taxes	-	496	-	-	-	27,516
17	Total Distribution	(1)	496	-	-	(305)	75,116
18	Customer Accounting	-	75	-	-	(135)	11,496
19	Customer Service & Information	-	-	-	-	(12)	1,507
20	Sales Expenses	-	-	-	-	-	-
<b>Administrative &amp; General</b>							
21	Operating Expenses	(1,146)	26	-	-	(364)	47,982
22	Depreciation/Amortization	-	-	-	-	-	20,268
23	Taxes	-	-	-	-	-	-
24	Total Admin. & General	(1,146)	26	-	-	(364)	68,250
25	Total Electric Expenses	(1,148)	5,154	(9)	-	(1,231)	507,288
26	OPERATING INCOME BEFORE FIT	1,148	7,732	9	-	1,231	154,118
<b>FEDERAL INCOME TAX</b>							
27	Current Accrual	402	4,301	3	(148)	431	(2,061)
28	Debt Interest	-	-	-	-	-	85
29	Deferred Income Taxes	-	(1,603)	-	-	-	44,788
30	Amortized ITC - Noxon	-	-	-	-	-	(127)
31	NET OPERATING INCOME	\$747	\$5,034	\$6	148	\$800	111,434
<b>RATE BASE</b>							
<b>PLANT IN SERVICE</b>							
32	Intangible	\$0	\$0	\$0	\$0	\$0	\$132,877
33	Production	-	-	-	-	-	762,834
34	Transmission	-	-	-	-	-	390,240
35	Distribution	-	-	-	-	-	880,960
36	General	-	-	-	-	-	207,659
37	Total Plant in Service	-	-	-	-	-	2,374,570
<b>ACCUMULATED DEPRECIATION/AMORT</b>							
38	Intangible	-	-	-	-	-	(23,450)
39	Production	-	-	-	-	-	(334,622)
40	Transmission	-	-	-	-	-	(126,839)
41	Distribution	-	-	-	-	-	(268,267)
42	General	-	-	-	-	-	(70,794)
43	Total Accumulated Depreciation	-	-	-	-	-	(823,972)
44	NET PLANT	-	-	-	-	-	1,550,598
45	DEFERRED TAXES	-	-	-	-	-	(300,583)
46	Net Plant After DFIT	-	-	-	-	-	1,250,015
47	DEFERRED DEBITS AND CREDITS & OTHER	-	-	-	-	-	1,902
48	WORKING CAPITAL	-	-	-	-	-	48,772
49	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$1,300,689
50	RATE OF RETURN						
51	REVENUE REQUIREMENT	(1,204)	(8,121)	(9)	(239)	(1,291)	(27,641)

**Traditional Revenue Requirement Calculations for Avista Co**

Washington Electric Pro Forma Revenue Requirement

Adjustment Details

Twelve Months Ended September 31, 2015

(\$000)

Line No.	DESCRIPTION	Pro Forma Adjustments							Contest
		Contest	Contest	Contest	Pro Forma	Pro Forma	Pro Forma	Pro Forma	
		Pro Forma Power Supply	Pro Forma Transmission Rev/Exp	Pro Forma Labor Non-Exec	Pro Forma Labor Exec	Pro Forma Employee Benefits	Pro Forma Regulatory Amortization Adj	Pro Forma Property Tax	Pro Forma Meter Deferral & Amortization
		3.00	3.01	3.02	3.03	3.04	3.05	3.06	3.07
		E-PPS	E-PTR	E-PLN	E-PLE	E-PEB	E-PRA	E-PPT	E-PMD
REVENUES									
1	Total General Business	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Interdepartmental Sales	-	-	-	-	-	-	-	-
3	Sales for Resale	(47,454)	-	-	-	-	-	-	-
4	Total Sales of Electricity	(47,454)	-	-	-	-	-	-	-
5	Other Revenue	(63,844)	486	-	-	-	-	-	-
6	Total Electric Revenue	(111,298)	486	-	-	-	-	-	-
EXPENSES									
Production and Transmission									
7	Operating Expenses	(62,361)	153	411	(31)	385	-	-	-
8	Purchased Power	(44,663)	-	-	-	-	-	-	-
9	Depreciation/Amortization	-	-	-	-	-	-	-	-
10	Regulatory Amortization	-	-	-	-	-	(393)	-	-
11	Taxes	-	-	-	-	-	-	620	-
12	Total Production & Transmission	(107,024)	153	411	(31)	385	(393)	620	-
Distribution									
13	Operating Expenses	-	-	297	-	267	-	-	-
14	Depreciation/Amortization	-	-	-	-	-	-	-	-
15	Regulatory Amortization	-	-	-	-	-	-	-	-
16	Taxes	-	-	-	-	-	-	463	-
17	Total Distribution	-	-	297	-	267	-	463	-
Customer Accounting									
18	Customer Accounting	-	-	139	-	130	-	-	-
19	Customer Service & Information	-	-	13	-	12	-	-	-
20	Sales Expenses	-	-	0	-	-	-	-	-
Administrative & General									
21	Operating Expenses	-	-	375	85	360	-	-	-
22	Depreciation/Amortization	-	-	-	-	-	-	-	-
23	Taxes	-	-	-	-	-	-	-	-
24	Total Admin. & General	-	-	375	85	360	-	-	-
25	Total Electric Expenses	(107,024)	153	1,235	54	1,154	(393)	1,083	-
26	OPERATING INCOME BEFORE FIT	(4,274)	333	(1,235)	(54)	(1,154)	393	(1,083)	-
FEDERAL INCOME TAX									
27	Current Accrual	(1,496)	117	(432)	(19)	(404)	138	(379)	-
28	Debt Interest	-	-	-	-	-	-	-	-
29	Deferred Income Taxes	-	-	-	-	-	-	-	-
30	Amortized ITC - Noxon	-	-	-	-	-	-	-	-
31	NET OPERATING INCOME	(\$2,778)	\$217	(\$803)	(\$35)	(\$750)	\$255	(\$704)	-
RATE BASE									
PLANT IN SERVICE									
32	Intangible	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33	Production	-	-	-	-	-	-	-	-
34	Transmission	-	-	-	-	-	-	-	-
35	Distribution	-	-	-	-	-	-	-	-
36	General	-	-	-	-	-	-	-	-
37	Total Plant in Service	-	-	-	-	-	-	-	-
ACCUMULATED DEPRECIATION/AMORT									
38	Intangible	-	-	-	-	-	-	-	-
39	Production	-	-	-	-	-	-	-	-
40	Transmission	-	-	-	-	-	-	-	-
41	Distribution	-	-	-	-	-	-	-	-
42	General	-	-	-	-	-	-	-	-
43	Total Accumulated Depreciation	-	-	-	-	-	-	-	-
44	NET PLANT	-	-	-	-	-	-	-	-
DEFERRED TAXES									
45	DEFERRED TAXES	-	-	-	-	-	-	-	-
46	Net Plant After DFIT	-	-	-	-	-	-	-	-
47	DEFERRED DEBITS AND CREDITS & OTHER	-	-	-	-	-	-	-	-
48	WORKING CAPITAL	-	-	-	-	-	-	-	-
49	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
50	RATE OF RETURN	-	-	-	-	-	-	-	-
51	REVENUE REQUIREMENT	4,482	(349)	1,295	57	1,210	(412)	1,136	-



**Traditional Revenue Requirement Calculations for Avista Co**

Washington Electric Pro Forma Revenue Requirement

Adjustment Details

Twelve Months Ended September 31, 2015

(\$000)

Line No.	DESCRIPTION	Pro Forma Revenue Normalization	Pro Forma Capital Add Dec 2015 AMA	Contest		Pro Forma O&M Offsets	PF Major Maint Normalize CS2/Colstrip	Pro Forma Sub-Total
				Pro Forma 2016 Limited Capital Adds	Pro Forma 2016 Limited Capital Adds			
	Adjustment Number	3.08	3.09	3.10	3.11	3.12		PF-Ttl
	Workpaper Reference	E-PREV	E-PCAP15	E-PCAP16	E-POFF	E-PMM		
REVENUES								
1	Total General Business	(\$5,179)	\$0	\$0	\$0	\$0		\$494,144
2	Interdepartmental Sales	-	-	-	-	-		920
3	Sales for Resale	-	-	-	-	-		37,210
4	Total Sales of Electricity	(5,179)	-	-	-	-		532,274
5	Other Revenue	1,882	-	-	-	-		15,023
6	Total Electric Revenue	(3,297)	-	-	-	-		547,297
EXPENSES								
Production and Transmission								
7	Operating Expenses	-	-	-	-	822		131,951
8	Purchased Power	-	-	-	-	-		70,368
9	Depreciation/Amortization	-	174	682	-	-		25,235
10	Regulatory Amortization	-	-	-	-	-		4,831
11	Taxes	-	-	-	-	-		14,332
12	Total Production & Transmission	-	174	682	-	822		246,718
Distribution								
13	Operating Expenses	-	-	-	-	-		23,219
14	Depreciation/Amortization	-	142	-	-	-		25,087
15	Regulatory Amortization	-	-	-	-	-		-
16	Taxes	(199)	-	-	-	-		27,780
17	Total Distribution	(199)	142	-	-	-		76,086
18	Customer Accounting	(30)	-	-	-	-		11,735
19	Customer Service & Information	-	-	-	-	-		1,532
20	Sales Expenses	-	-	-	-	-		0
Administrative & General								
21	Operating Expenses	(10)	-	-	(204)	-		48,588
22	Depreciation/Amortization	-	1,598	344	-	-		22,210
23	Taxes	-	-	-	-	-		-
24	Total Admin. & General	(10)	1,598	344	(204)	-		70,798
25	Total Electric Expenses	(239)	1,914	1,027	(204)	822		406,869
26	OPERATING INCOME BEFORE FIT	(3,058)	(1,914)	(1,027)	204	(822)		140,428
FEDERAL INCOME TAX								
27	Current Accrual	(1,070)	(670)	(359)	71	(288)		(6,852)
28	Debt Interest	-	(182)	(862)	-	-		(959)
29	Deferred Income Taxes	-	-	-	-	-		44,788
30	Amortized ITC - Noxon	-	-	-	-	-		(127)
31	NET OPERATING INCOME	(1,988)	(\$1,062)	\$194	133	(534)		103,578
RATE BASE								
PLANT IN SERVICE								
32	Intangible	\$0	\$17,298	\$2,995	\$0	\$0		\$153,170
33	Production	-	4,012	65,069	-	-		831,915
34	Transmission	-	5,019	9,398	-	-		404,657
35	Distribution	-	13,449	-	-	-		894,409
36	General	-	(2,945)	3,889	-	-		208,603
37	Total Plant in Service	-	36,833	81,351	-	-		2,492,754
ACCUMULATED DEPRECIATION/AMORT								
38	Intangible	-	(1,396)	(659)	-	-		(25,505)
39	Production	-	(2,322)	(1,169)	-	-		(\$338,113)
40	Transmission	-	(584)	(207)	-	-		(127,630)
41	Distribution	-	(5,477)	-	-	-		(273,744)
42	General	-	2,234	(93)	-	-		(68,653)
43	Total Accumulated Depreciation	-	(7,545)	(2,129)	-	-		(833,646)
44	NET PLANT	-	29,288	79,222	-	-		1,659,108
45	DEFERRED TAXES	-	(10,981)	(15,938)	-	-		(327,502)
46	Net Plant After DFIT	-	18,307	63,284	-	-		1,331,606
47	DEFERRED DEBITS AND CREDITS & OTHER	-	-	-	-	-		1,902
48	WORKING CAPITAL	-	-	-	-	-		48,772
49	TOTAL RATE BASE	\$0	18,307	63,284	\$0	\$0		1,382,280
50	RATE OF RETURN							
51	REVENUE REQUIREMENT	3,207	3,855	7,088	(214)	862		(5,425)

**Traditional Revenue Requirement Calculations for Avista Corporation**

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

<b>Line No.</b>	<b>Description</b>	<b>Factor</b>
1	<b>Revenues</b>	<i>1.000000</i>
	<b>Expense:</b>	
2	Uncollectibles	<i>0.005855</i>
3	Commission Fees	<i>0.002000</i>
4	Washington Excise Tax	<i>0.038507</i>
6	Total Expense	<u><i>0.046363</i></u>
7	Net Operating Income Before FIT	<i>0.953637</i>
8	Federal Income Tax @ 35%	<u><i>0.333773</i></u>
9	<b>REVENUE CONVERSION FACTOR</b>	<u><u><i>0.619864</i></u></u>

*(Per Order No. 6; UE-120436, dated 6/20/2012 - "hard" CF rounded to 6 digits)*

**Traditional Revenue Requirement Calculations for Avista Corporation**

Washington Electric Pro Forma Revenue Requirement

Capital Structure

Twelve Months Ended September 31, 2015

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