

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

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

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**EXHIBIT NO. BGM-13  
UPDATED 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)	3,241	(6,302)	(5,965)
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	216	-	(349)
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)	157	-	(253)
21	2.16	Restate Incentive Expenses	800	-	(1,291)	(560)	-	903
22		<b>Restated Results</b>	<b>111,559</b>	<b>1,306,120</b>	<b>(27,209)</b>	<b>112,766</b>	<b>1,300,689</b>	<b>(29,791)</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)	1,108	-	(1,788)
29	3.06	Pro Forma Property Tax	(704)	-	1,136	(679)	-	1,095
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	(1,235)	21,609	4,521
33	3.10	Pro Forma 2016 Limited Capital Adds	(347)	86,690	10,699	35	60,831	7,058
34	3.11	Pro Forma O&M Offsets	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>105,324</b>	<b>1,383,129</b>	<b>(8,142)</b>

Electric Revenue Requirement Summary (\$000)

Line	Adj. No.	Description	Impact of ICNU/NWIGU Adjustments			Rev. Req. Def. / (Suf.)	ICNU/NWIGU Position
			Pre-Tax Net Oper. Income	Net Oper. Income	Rate Base		
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	3,362	2,185	-	(3,525)	Adopt Staff Position
4	1.03	Working Capital	-	-	-	-	ICNU/NWIGU Neutral
5	1.04	Plant Held For Future Use	(54)	(54)	(5,431)	(548)	ICNU/NWIGU Oppose
6	2.01	Eliminate B & O Taxes	-	-	-	-	ICNU/NWIGU Neutral
7	2.02	Restate Property Tax	768	499	-	(805)	Adopt Staff Position
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	-	(278)	-	449	ICNU/NWIGU Modified
21	2.16	Restate Incentive Expenses	(2,092)	(1,360)	-	2,194	Adopt Staff Position
22		<b>Restated Results</b>	<b>2,314</b>	<b>1,207</b>	<b>(5,431)</b>	<b>(2,582)</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	1,312	853	-	(1,376)	Adopt Staff Position
29	3.06	Pro Forma Property Tax	39	25	-	(41)	Adopt Staff Position
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	(267)	(173)	3,302	666	Adopt Staff Position
33	3.10	Pro Forma 2016 Limited Capital Adds	587	382	(25,859)	(3,640)	Adopt Staff Position
34	3.11	Pro Forma O&M Offsets	(204)	(133)	-	214	Adopt Staff Position
35	3.12	PF Major Maint Normalize CS2/Colstrip	-	-	-	-	ICNU/NWIGU Neutral
36		<b>Pro Forma Results (Traditional Rev. Req.)</b>	<b>7,927</b>	<b>4,856</b>	<b>(27,988)</b>	<b>(11,107)</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
	a	b	c	d	e	f	g	h
<b>REVENUES</b>								
1	Total General Business	\$512,020	(\$12,697)	\$499,323	(\$5,179)	\$494,144	(\$8,142)	\$486,002
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	(8,142)	524,132
5	Other Revenue	76,513	(14)	76,499	(61,476)	15,023	-	15,023
6	Total Electric Revenue	674,117	-	661,406	-	547,297	(8,142)	539,155
<b>EXPENSES</b>								
<b>Production and Transmission</b>								
7	Operating Expenses	189,010	906	189,916	(60,622)	129,294	-	129,294
8	Purchased Power	115,031	-	115,031	(44,663)	70,368	-	70,368
9	Depreciation/Amortization	24,379	-	24,379	993	25,372	-	25,372
10	Regulatory Amortization	(1,445)	6,669	5,224	(1,705)	3,519	-	3,519
11	Taxes	13,890	(454)	13,436	637	14,073	-	14,073
12	Total Production & Transmission	340,865	7,121	347,986	(105,359)	242,627	-	242,627
<b>Distribution</b>								
13	Operating Expenses	22,961	212	23,173	564	23,737	-	23,737
14	Depreciation/Amortization	25,024	(79)	24,945	430	25,375	-	25,375
15	Regulatory Amortization	-	-	-	-	-	-	-
16	Taxes	45,055	(18,031)	27,024	208	27,232	(314)	26,918
17	Total Distribution	93,040	(17,898)	75,142	1,202	76,344	(314)	76,030
18	Customer Accounting	10,543	1,183	11,726	239	11,965	(48)	11,917
19	Customer Service & Information	19,433	(17,905)	1,528	25	1,553	-	1,553
20	Sales Expenses	-	-	-	0	0	-	0
<b>Administrative &amp; General</b>								
21	Operating Expenses	49,315	(714)	48,601	810	49,411	(16)	49,395
22	Depreciation/Amortization	20,268	-	20,268	1,684	21,952	-	21,952
23	Taxes	-	-	-	-	-	-	-
24	Total Admin. & General	69,583	(714)	68,869	2,494	71,363	(16)	71,347
25	Total Electric Expenses	533,464	(28,213)	505,251	(101,399)	403,852	(378)	403,474
26	OPERATING INCOME BEFORE FIT	140,653	28,213	156,155	101,399	143,445	(7,764)	135,681
<b>FEDERAL INCOME TAX</b>								
27	Current Accrual	(7,654)	6,298	(1,356)	(4,449)	(5,805)	(2,717)	(8,522)
28	Debt Interest	-	85	85	(819)	(735)	-	(735)
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	\$23,434	\$112,766	\$106,666	\$105,324	(\$5,047)	\$100,277
<b>RATE BASE</b>								
<b>PLANT IN SERVICE</b>								
32	Intangible	\$132,877	\$0	\$132,877	\$16,371	\$149,248	-	\$149,248
33	Production	762,834	-	762,834	89,359	852,193	-	852,193
34	Transmission	390,240	-	390,240	12,216	402,456	-	402,456
35	Distribution	880,960	-	880,960	14,092	895,052	-	895,052
36	General	207,659	-	207,659	5,218	212,877	-	212,877
37	Total Plant in Service	2,374,570	-	2,374,570	137,256	2,511,826	-	2,511,826
<b>ACCUMULATED DEPRECIATION</b>								
38	Intangible	(23,450)	-	(23,450)	(2,384)	(25,834)	-	(25,834)
39	Production	(334,622)	-	(334,622)	(9,404)	(344,026)	-	(344,026)
40	Transmission	(126,839)	-	(126,839)	(3,105)	(129,944)	-	(129,944)
41	Distribution	(268,267)	-	(268,267)	(5,311)	(273,578)	-	(273,578)
42	General	(70,794)	-	(70,794)	(2,256)	(73,050)	-	(73,050)
43	Total Accumulated Depreciation	(823,972)	-	(823,972)	(22,460)	(846,432)	-	(846,432)
44	NET PLANT BEFORE DFIT	1,550,598	-	1,550,598	114,206	1,665,394	-	1,665,394
45	DEFERRED TAXES	(294,027)	(6,556)	(300,583)	(32,356)	(332,939)	-	(332,939)
46	NET PLANT AFTER DFIT	1,256,571	(6,556)	1,250,015	(32,356)	1,332,455	-	1,332,455
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	(\$32,356)	\$1,383,129	\$0	\$1,383,129
51	RATE OF RETURN	7.79%	-	8.67%	-	7.61%	-	7.25%
52	REVENUE REQUIREMENT	(11,497)	-	(29,791)	-	(8,142)	-	-

**Traditional Revenue Requirement Calculations for Avista Corporation**

Washington Electric Pro Forma Revenue Requirement

Adjustment Details

Twelve Months Ended September 31, 2015

(\$000)

Line No.	DESCRIPTION	Restatement Adjustments										
		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	Regulatory Expense	Injuries and Damages	FIT/DFIT/ ITC/PTC Expense
Adjustment Number	Workpaper Reference	1.00	1.01	1.02	1.03	1.04	2.01	2.02	2.03	2.04	2.05	2.06
		E-ROO	E-DFIT	E-DDC	E-WC	E-PHF	E-EBO	E-RPT	E-UE	E-RE	E-ID	E-FIT
<b>REVENUES</b>												
1	Total General Business	\$512,020	\$0	-	\$0	\$0	(\$18,110)	-	\$0	\$0	\$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	-	(3,725)	-	-	-	-	-	-	-	-
8	Purchased Power	115,031	-	-	-	-	-	-	-	-	-	-
9	Depreciation/Amortization	24,379	-	-	-	-	-	-	-	0	-	-
10	Regulatory Amortization	(1,445)	-	(1,360)	-	-	-	-	-	-	-	-
11	Taxes	13,890	-	-	-	-	-	(454)	-	-	-	-
12	Total Production & Transmission	340,865	-	(5,085)	-	-	-	(454)	-	-	-	-
<b>Distribution</b>												
13	Operating Expenses	22,961	-	-	-	-	-	-	-	-	-	-
14	Depreciation/Amortization	25,024	-	-	-	-	-	-	-	-	-	-
15	Regulatory Amortization	0	-	-	-	-	-	-	-	-	-	-
16	Taxes	45,055	-	-	-	-	(18,028)	121	-	-	-	-
17	Total Distribution	93,040	-	-	-	-	(18,028)	121	-	-	-	-
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	-	-	-	-	-	-	-	18	181	-
22	Depreciation/Amortization	20,268	-	-	-	-	-	-	-	-	-	-
23	Taxes	0	-	-	-	-	-	-	-	-	-	-
24	Total Admin. & General	69,583	-	-	-	-	-	-	-	18	181	-
25	Total Electric Expenses	533,464	-	(5,082)	-	-	(18,028)	(333)	1,054	18	181	-
26	OPERATING INCOME BEFORE FIT	140,653	-	5,082	-	-	(96)	333	(1,054)	(18)	(181)	-
<b>FEDERAL INCOME TAX</b>												
27	Current Accrual	(7,654)	-	1,779	-	-	(34)	117	(369)	(6)	(63)	(566)
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)	\$3,241	\$43	\$0	(\$62)	\$216	(\$685)	(\$12)	(\$118)	\$566
<b>RATE BASE</b>												
<b>PLANT IN SERVICE</b>												
32	Intangible	\$132,877	\$0	-	\$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	\$0	\$0	\$0
50	RATE OF RETURN	7.79%										
51	REVENUE REQUIREMENT	(11,497)	(662)	(5,965)	439	-	101	(349)	1,105	19	190	(913)

**Traditional Revenue Requirement Calculations for Avista Corp**

Washington Electric Pro Forma Revenue Requirement

Adjustment Details

Twelve Months Ended September 31, 2015

(\$000)

Line No.	DESCRIPTION	Contest					Update			
		Office Space Charges to Non-Utility	Restate Excise Taxes	Net Gains / Losses	Weather Normalization	Eliminate Adder Schedules	Misc. Restating Non-Util / Non-Recurring Expenses	Eliminate WA Power Cost Defer	Nez Perce Settlement Adjustment	Restate Debt Interest
Adjustment Number		2.07	2.08	2.09	2.10	2.11	2.12	2.13	2.14	2.15
Workpaper Reference		E-OSC	E-RET	E-NGL	E-WN	E-EAS	E-MR	E-EWPC	E-NPS	E-RDI
REVENUES										
1	Total General Business	\$0	\$0	\$0	\$3,108	(\$10,581)	\$0	\$12,886	\$0	\$0
2	Interdepartmental Sales	-	-	-	-	-	-	-	-	-
3	Sales for Resale	-	-	-	-	-	-	-	-	-
4	Total Sales of Electricity	-	-	-	3,108	(10,581)	-	12,886	-	-
5	Other Revenue	-	-	-	-	-	-	-	-	-
6	Total Electric Revenue	-	-	-	3,108	(10,581)	-	12,886	-	-
EXPENSES										
Production and Transmission										
7	Operating Expenses	-	-	-	-	(206)	(1)	4,557	(9)	-
8	Purchased Power	-	-	-	-	-	-	-	-	-
9	Depreciation/Amortization	-	-	-	-	-	-	-	-	-
10	Regulatory Amortization	-	-	-	-	8,029	-	-	-	-
11	Taxes	-	-	-	-	-	-	-	-	-
12	Total Production & Transmission	-	-	-	-	7,823	(1)	4,557	(9)	-
Distribution										
13	Operating Expenses	-	-	-	-	-	(1)	-	-	-
14	Depreciation/Amortization	-	-	(79)	-	-	-	-	-	-
15	Regulatory Amortization	-	-	-	-	-	-	-	-	-
16	Taxes	-	(333)	-	120	(407)	-	496	-	-
17	Total Distribution	-	(333)	(79)	120	(407)	(1)	496	-	-
18	Customer Accounting	-	-	-	18	(62)	-	75	-	-
19	Customer Service & Information	-	-	-	-	(17,914)	-	-	-	-
20	Sales Expenses	-	-	-	-	-	-	-	-	-
Administrative & General										
21	Operating Expenses	(33)	-	-	6	(21)	(1,146)	26	-	-
22	Depreciation/Amortization	-	-	-	-	-	-	-	-	-
23	Taxes	-	-	-	-	-	-	-	-	-
24	Total Admin. & General	(33)	-	-	6	(21)	(1,146)	26	-	-
25	Total Electric Expenses	(33)	(333)	(79)	144	(10,581)	(1,148)	5,154	(9)	-
26	OPERATING INCOME BEFORE FIT	33	333	79	2,964	-	1,148	7,732	9	-
FEDERAL INCOME TAX										
27	Current Accrual	12	117	28	1,037	-	402	4,301	3	(157)
28	Debt Interest	-	-	-	-	-	-	-	-	-
29	Deferred Income Taxes	-	-	-	-	-	-	(1,603)	-	-
30	Amortized ITC - Noxon	-	-	-	-	-	-	-	-	-
31	NET OPERATING INCOME	\$21	\$216	\$51	\$1,927	\$0	\$747	\$5,034	\$6	157
RATE BASE										
PLANT IN SERVICE										
32	Intangible	\$0	\$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	\$0
50	RATE OF RETURN									
51	REVENUE REQUIREMENT	(35)	(349)	(83)	(3,108)	-	(1,204)	(8,121)	(9)	(253)

**Traditional Revenue Requirement Calculations for Avista Corp**

Washington Electric Pro Forma Revenue Requirement

Adjustment Details

Twelve Months Ended September 31, 2015

(\$000)

Line No.	DESCRIPTION	Pro Forma Adjustments									
		Adopt Staff Pos.	Contest	Contest	Contest	Adopt Staff Pos.	Contest	Contest	Contest	Contest	
		Restate Incentive Expenses	Restated TOTAL	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
Adjustment Number	Workpaper Reference	2.16	R-Ttl	3.00	3.01	3.02	3.03	3.04	3.05	3.06	3.07
		E-RI		E-PPS	E-PTR	E-PLN	E-PLE	E-PEB	E-PRA	E-PPT	E-PMD
<b>REVENUES</b>											
1	Total General Business	-	\$499,323	\$0	\$0	\$0	\$0	\$0	-	-	\$0
2	Interdepartmental Sales	-	920	-	-	-	-	-	-	-	-
3	Sales for Resale	-	84,664	(47,454)	-	-	-	-	-	-	-
4	Total Sales of Electricity	-	584,907	(47,454)	-	-	-	-	-	-	-
5	Other Revenue	-	76,499	(63,844)	486	-	-	-	-	-	-
6	Total Electric Revenue	-	661,406	(111,298)	486	-	-	-	-	-	-
<b>EXPENSES</b>											
<b>Production and Transmission</b>											
7	Operating Expenses	290	189,916	(62,361)	153	411	(31)	385	-	-	-
8	Purchased Power	-	115,031	(44,663)	-	-	-	-	-	-	-
9	Depreciation/Amortization	-	24,379	-	-	-	-	-	-	-	-
10	Regulatory Amortization	-	5,224	-	-	-	-	-	(1,705)	-	-
11	Taxes	-	13,436	-	-	-	-	-	-	637	-
12	Total Production & Transmission	290	347,986	(107,024)	153	411	(31)	385	(1,705)	637	-
<b>Distribution</b>											
13	Operating Expenses	213	23,173	-	-	297	-	267	-	-	-
14	Depreciation/Amortization	-	24,945	-	-	-	-	-	-	-	-
15	Regulatory Amortization	-	-	-	-	-	-	-	-	-	-
16	Taxes	-	27,024	-	-	-	-	-	-	407	-
17	Total Distribution	213	75,142	-	-	297	-	267	-	407	-
<b>Customer Accounting</b>											
18	Customer Accounting	95	11,726	-	-	139	-	130	-	-	-
19	Customer Service & Information	9	1,528	-	-	13	-	12	-	-	-
20	Sales Expenses	-	-	-	-	0	-	-	-	-	-
<b>Administrative &amp; General</b>											
21	Operating Expenses	255	48,601	-	-	375	85	360	-	-	-
22	Depreciation/Amortization	-	20,268	-	-	-	-	-	-	-	-
23	Taxes	-	-	-	-	-	-	-	-	-	-
24	Total Admin. & General	255	68,869	-	-	375	85	360	-	-	-
25	Total Electric Expenses	862	505,251	(107,024)	153	1,235	54	1,154	(1,705)	1,044	-
26	OPERATING INCOME BEFORE FIT	(862)	156,155	(4,274)	333	(1,235)	(54)	(1,154)	1,705	(1,044)	-
<b>FEDERAL INCOME TAX</b>											
27	Current Accrual	(302)	(1,356)	(1,496)	117	(432)	(19)	(404)	597	(365)	-
28	Debt Interest	-	85	-	-	-	-	-	-	-	-
29	Deferred Income Taxes	-	44,788	-	-	-	-	-	-	-	-
30	Amortized ITC - Noxon	-	(127)	-	-	-	-	-	-	-	-
31	NET OPERATING INCOME	(\$560)	112,766	(\$2,778)	\$217	(\$803)	(\$35)	(\$750)	\$1,108	(\$679)	-
<b>RATE BASE</b>											
<b>PLANT IN SERVICE</b>											
32	Intangible	-	\$132,877	\$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	-	-	-	-	-	-	-	-
<b>DEFERRED TAXES</b>											
45	Net Plant After DFIT	-	(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	\$1,300,689	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>RATE OF RETURN</b>											
50	REVENUE REQUIREMENT	903	(29,791)	4,482	(349)	1,295	57	1,210	(1,788)	1,095	-

**Traditional Revenue Requirement Calculations for Avista Corp**

Washington Electric Pro Forma Revenue Requirement

Adjustment Details

Twelve Months Ended September 31, 2015

(\$000)

Line No.	DESCRIPTION	Pro Forma Revenue Normalization	Adopt Staff Pos.			PF Major Maint Normalize CS2/Colstrip	Pro Forma Sub-Total
			Pro Forma Capital Add Dec 2015 AMA	Pro Forma 2016 Limited Capital Adds	Pro Forma O&M Offsets		
		3.08	3.09	3.10	3.11	3.12	PF-Ttl
	Adjustment Number	E-PREV	E-PCAP15	E-PCAP16	E-POFF	E-PMM	
	Workpaper Reference						
	REVENUES						
1	Total General Business	(\$5,179)	-	-	-	\$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	-	-	-	-	15,033
6	Total Electric Revenue	(3,297)	-	-	-	-	547,297
	EXPENSES						
	Production and Transmission						
7	Operating Expenses	-	-	-	-	822	129,294
8	Purchased Power	-	-	-	-	-	70,368
9	Depreciation/Amortization	-	546	447	-	-	25,372
10	Regulatory Amortization	-	-	-	-	-	3,519
11	Taxes	-	-	-	-	-	14,073
12	Total Production & Transmission	-	546	447	-	822	242,627
	Distribution						
13	Operating Expenses	-	-	-	-	-	23,737
14	Depreciation/Amortization	-	430	-	-	-	25,375
15	Regulatory Amortization	-	-	-	-	-	-
16	Taxes	(199)	-	-	-	-	27,232
17	Total Distribution	(199)	430	-	-	-	76,344
18	Customer Accounting	(30)	-	-	-	-	11,965
19	Customer Service & Information	-	-	-	-	-	1,553
20	Sales Expenses	-	-	-	-	-	0
	Administrative & General						
21	Operating Expenses	(10)	-	-	-	-	49,411
22	Depreciation/Amortization	-	1,255	429	-	-	21,952
23	Taxes	-	-	-	-	-	-
24	Total Admin. & General	(10)	1,255	429	-	-	71,363
25	Total Electric Expenses	(239)	2,231	876	-	822	403,852
26	OPERATING INCOME BEFORE FIT	(3,058)	(2,231)	(876)	-	(822)	143,445
	FEDERAL INCOME TAX						
27	Current Accrual	(1,070)	(781)	(307)	-	(288)	(5,805)
28	Debt Interest	-	(215)	(604)	-	-	(735)
29	Deferred Income Taxes	-	-	-	-	-	44,788
30	Amortized ITC - Noxon	-	-	-	-	-	(127)
31	NET OPERATING INCOME	(1,988)	(\$1,235)	\$35	\$0	(534)	105,324
	RATE BASE						
	PLANT IN SERVICE						
32	Intangible	\$0	12,093	4,278	-	\$0	\$149,248
33	Production	-	16,608	72,751	-	-	852,193
34	Transmission	-	11,460	756	-	-	402,456
35	Distribution	-	14,092	-	-	-	895,052
36	General	-	5,066	152	-	-	212,877
37	Total Plant in Service	-	59,319	77,937	-	-	2,511,826
	ACCUMULATED DEPRECIATION/AMORT						
38	Intangible	-	(1,496)	(888)	-	-	(25,834)
39	Production	-	(8,277)	(1,127)	-	-	(\$344,026)
40	Transmission	-	(3,097)	(8)	-	-	(129,944)
41	Distribution	-	(5,311)	-	-	-	(273,578)
42	General	-	(2,251)	(5)	-	-	(73,050)
43	Total Accumulated Depreciation	-	(20,432)	(2,028)	-	-	(846,432)
44	NET PLANT	-	38,887	75,909	-	-	1,665,394
45	DEFERRED TAXES	-	(17,278)	(15,078)	-	-	(332,939)
46	Net Plant After DFIT	-	21,609	60,831	-	-	1,332,455
47	DEFERRED DEBITS AND CREDITS & OTHER	-	-	-	-	-	1,902
48	WORKING CAPITAL	-	-	-	-	-	48,772
49	TOTAL RATE BASE	\$0	21,609	60,831	\$0	\$0	1,383,129
50	RATE OF RETURN						
51	REVENUE REQUIREMENT	3,207	4,521	7,058	-	862	(8,142)



**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>