Evaluation of Avista's Washington Electric and Natural Gas Decoupling Mechanisms Statement of Work

1. Project Overview

Avista Corporation ("Avista" or the "Company") is seeking a qualified firm ("Consultant") to complete an objective, independent evaluation of Avista's electric and natural gas decoupling ("Decoupling") mechanisms ("Mechanism(s)") approved by the Washington Utilities and Transportation Commission (WUTC or "Commission").

The Consultant will be required to complete the evaluation of the Mechanism (the "Evaluation" or "Services") at the direction of Avista, in consultation with Avista's Demand Side Management Advisory Group ("DSM Advisory Group" or "Advisory Group"). The Evaluation must be conducted in in accordance with this Statement of Work ("SOW") including, without limitation, the "Objectives" described in Section 3 and the "Scope of Services described in Section 4. The Deliverables and Schedule associated with the Services are described in Section 5.

2. Background

On November 25, 2014, the Commission issued a Final Order ("Order 05") granting Avista electric and natural gas rate Decoupling Mechanisms, subject to certain conditions set forth in Docket Nos. UE-140188 and UG-140189. The details of the Mechanisms and associated terms and conditions are described in the Settlement Stipulation (with references to Avista-filed testimony, as well as in Order 05).

For further reference and to assist in understanding the criteria for the Services required under this SOW, please refer to the following attachments:

- *Attachment A, The Commission's Order 05 in Docket Nos. UE-140188 and UG-140189.* The discussion of Decoupling occurs on pages 11 – 14, beginning at paragraph 22 and ending at paragraph 28. The Settlement Stipulation approved in Order 05 is included as an attachment to that Order, beginning after page 26. The Stipulation provides for the baseline values, effective January 1, 2015, for both the electric and natural gas Decoupling Mechanisms.
- *Attachment B, UE-150204 and UG-150205 Compliance Filing Attachment 4.* Attachment 4 of the Compliance Filing sets for the new electric Decoupling baseline values effective January 11, 2016.
- *Attachment C, UE-150204 and UG-150205 Compliance Filing Attachment 5.* Attachment 5 of the Compliance Filing sets for the new natural gas Decoupling baseline values effective January 11, 2016.
- *Attachment D, Avista's Electric and Natural Gas Quarterly Reports*. These are copies of the Quarterly Reports filed with the Commission in Docket Nos. UE-140188 and UG-140189.
- *Attachment E, Avista's 2016 Electric Decoupling Rate Adjustment.* This Attachment is the first electric Decoupling rate adjustment (for calendar year 2015 deferrals) filed on August 31, 2016,

along with updated information filed on October 7, 2016. The Commission approved Avista's rate adjustment filing effective November 1, 2016.

- *Attachment F, Avista's 2016 Natural Gas Decoupling Rate Adjustment.* This Attachment is the first natural gas Decoupling rate adjustment (for calendar year 2015 deferrals) filed on August 31, 2016, along with updated information filed on October 7, 2016. The Commission approved Avista's rate adjustment filing effective November 1, 2016.
- *Attachment G, An Estimate of the Number of Households in Poverty Served by Avista Utilities in Washington State.* Eastern Washington University, May 2015.
- *Attachment H, The Self-Sufficiency Standard for Washington State 2014.* Workforce Development Council of Seattle-King County, August 2015.

2.1 Description of Decoupling Mechanisms

Avista's Decoupling Mechanisms went into effect January 1, 2015. Decoupling is a mechanism designed to sever the link between a utility's revenues and consumers' energy usage. Avista's actual revenue, based on kilowatt hour and therm sales, will vary (up or down) from the level included in a general rate case, which could be caused by changes in weather, energy conservation or the economy. Generally, Avista's electric and natural gas revenues will be adjusted each month, based on the number of customers rather than kilowatt hour and therm sales. The difference between revenues based on sales and revenues based on number of customers will be deferred and either surcharged or rebated to customers beginning in the following year.

In Washington, the WUTC approved Avista's Mechanisms for a 5-year period that commenced January 1, 2015. Electric and natural gas Decoupling surcharge rate adjustments to customers are limited to three percent (3%) on an annual basis, with any remaining surcharge balance carried forward for recovery in a future period. There is no limit on the level of rebate rate adjustments.[1] (For further information related to the Mechanisms, refer to Attachment A.)

The requirements for the Evaluation are described in both the Settlement Stipulation and Order 05. However, the general requirements and related citations are as follows:

[1] The Decoupling Mechanisms each include an after-the-fact earnings test. At the end of each calendar year, separate electric and natural gas earnings calculations will be made for the prior calendar year. These earnings tests will reflect actual decoupled revenues, normalized power supply costs and other normalizing adjustments. If Avista has a decoupling rebate balance for the prior year and earns in excess of a 7.32 percent ROR, the rebate to customers would be increased by 50 percent of the earnings in excess of the 7.32 percent ROR. If Avista has a decoupling rebate balance for the prior year and earns a 7.32 percent ROR or less, only the base amount of the rebate to customers would be made. If Avista has a decoupling surcharge balance for the prior year and earns in excess of a 7.32 percent ROR, the surcharge to customers would be reduced by 50 percent of the earnings in excess of the 7.32 percent ROR (or eliminated). If 50 percent of the earnings in excess of the 7.32 percent ROR exceeds the decoupling surcharge balance, the dollar amount that exceeds the surcharge balance would create a rebate balance for customers. If Avista has a decoupling surcharge balance for the prior year and earns a 7.32 percent ROR or less, the base amount of the surcharge to customers would be made.

- Stipulation ¶13a – Per the Company's testimony, the length of the Decoupling Mechanisms is five (5) years, with a third-party evaluation of the mechanisms paid for by Avista, to be completed following the end of the third full-year.
- Order 05, ¶27 – Finally, Avista clarified that the Settlement obligates its shareholders to pay for a third-party evaluation of the decoupling mechanisms after three years. The Settlement does not include specific requirements regarding the scope or contents of this evaluation, though Avista plans to consult with stakeholders as it develops the scope of the evaluation. Mr. Schooley testified for Staff that the evaluation should include, at a minimum:
    - an analysis of the mechanism's impact on conservation achievement,
    - an analysis of the mechanism's impact on Company revenues (i.e., whether there has there been a stabilizing effect), and
    - an analysis of the extent to which fixed costs are recovered in fixed charges for the customer classes excluded from the decoupling mechanisms.
- Order 05 ¶28 – Additionally, we require Avista's decoupling evaluation to analyze if allowed revenues from the following rate classes are recovering their cost of service: residential class, non-residential class, and customers not subject to decoupling. Finally, to ensure that the evaluation's scope is sufficient to provide the Commission and stakeholders with a meaningful review of the new mechanisms, we require Avista to:
    - consult with its conservation advisory group in the development of the evaluation's request for proposals (RFP), and incorporate the input from its advisory group in a draft RFP;
    - file a draft RFP for Commission approval that includes the scope of evaluation query, allowing sufficient time for Commission consideration; and
    - consult with its conservation advisory group on the selection of the entity to perform the evaluation.
- Exhibit No. PDE-1T, p. 73, line 16 – The cost of this Evaluation is limited to $150,000.

2.2 Description of the DSM Advisory Group

The DSM Advisory Group is Avista's non-binding oversight and advisory group for energy efficiency. The DSM Advisory Group is currently composed of the UTC staff, the IPUC Staff, OPUC Staff, the Public Counsel Unit of the Washington Office of Attorney General, Northwest Energy Coalition, SNAP, The Energy Project, Northwest Energy Efficiency Alliance, Northwest Power and Conservation Council, Northwest Energy Efficiency Council, Idaho Conservation League, Putnam Price and the Opportunity Council.

3. Objectives

The Evaluation must include the following elements, to the extent that data is available:

1. An audit of whether the deferrals and rates were calculated in accordance with the Commission order approving the Mechanisms.

2. An assessment of the impacts of the Decoupling tariff tracker adjustments, calculated in relation to energy sales (kWh/therms), as a percent of monthly bills, and in total dollars for each rate category customarily used for purposes of Avista's cost of service analyses. This assessment must include an analysis detailing if allowed revenues from the residential, non-residential, and customers not subject to decoupling rate classes are recovering their respective costs of service.

3. An assessment of the impact of the Mechanisms specifically on Avista's low-income customers. The known low-income population to Avista are those customers who have received bill payment assistance through Avista's Low-Income Rate Assistance Program ("LIRAP"), energy efficiency services funded by Avista's electric and/or natural gas energy efficiency programs, or the Federal LIHEAP program. Cognizant that a larger portion of the low-income population do not participate in the three programs referenced above, the Consultant is encouraged to use other available information, such as the information provided in Attachments G & H to this RFP, to better determine the impact on all of Avista's low-income customers. The assessment should include:

   a. A summary of the annual deferrals and rate impacts of the Decoupling tariff tracker adjustments (cents per kWh, cents per therm, total dollars, and percent of monthly bills) on the group of customers receiving bill payment assistance through the above-referenced low-income programs;

   b. A summary of annual low-income conservation program savings, expenditures and customers served compared with the rest of the residential class, where low income conservation programs are defined as programs currently being run under Electric Schedule 90 and Natural Gas Schedule 190;

   c. A description of any modifications to conservation programs targeted at low-income customers since the inception of the Mechanisms including changes to funding levels as well as changes to specific measures or programs; and

   d. A comparison of the effect of the Decoupling tariff tracker adjustment on the average customer receiving bill payment assistance through the above-referenced low-income programs relative to the impact on Avista's average residential customer.

   e. To the extent data is available, Consultant should evaluate other factors such as household size, housing stock (e.g. mobile home, multifamily) and heat source (e.g., electric space heat), and the effect of seasonality when comparing the impact of decoupling on low-income customers versus other customer groups (such as average residential customers).

4. Analysis of the Mechanism's impact on Company revenues (i.e., whether there has there been a stabilizing effect).

5. Analysis of the extent to which fixed costs are recovered in fixed charges for the customer classes, excluded from the Mechanisms.

6. An analysis of each Mechanism's impact on conservation achievement, in total and by sector (residential, low-income, non-residential), and identification of conclusive or meaningful trends in the performance of the Company's electric and natural gas conservation programs since the inception of the Mechanisms (did the Company achieve a higher level of savings with the mechanisms in effect). This analysis should be based on information already available as part of

the Company's biennial conservation achievement evaluations filed with the Commission including changes to program delivery strategies as reported in annual evaluations, significant changes in program budgets, or reported savings levels.

7. Identification of any conclusive evidence to suggest that the Mechanisms adversely impacted customer service, distorted price signals for customers resulting in lower participation in conservation programs, or eroded Avista's incentive to control costs and improve operational efficiency and/or Washington-required service quality measures.

4. Scope of Services

Consultant shall provide the labor and materials required to provide the Services applicable under this SOW including answering the following questions to Consultant's best ability in order to meet the Objectives outlined in Section 3 above:

1. Were the Mechanisms administered and calculated correctly, per the Amended Petition?
2. Were there any differences in Decoupling tracker adjustments between rate classes?
3. On average, were there any differences in annual Decoupling deferrals and tariff tracker adjustment impacts between low income customers and residential customers?
4. Were there any differences in conservation program savings, expenditures, and customers served between low-income customers and the rest of the residential class related to Decoupling?
5. Were there any modifications made to low income conservation programs since the inception of the Mechanisms, including follow-through on commitments to increase funding levels, and other changes to measures or programs?
6. Were there any trends in the performance of the Company's conservation programs since the inception of the Mechanisms, both in total and by sector (i.e., low-income, residential and non-residential)?
7. For the electric and gas conservation programs, what impact has the shift in customers (electric to natural gas) due to fuel conversions had on decoupling revenue?
8. Have the Mechanisms had an impact on natural gas conservation savings?
9. Have the Mechanisms had an impact on electric conservation savings (not including decoupling commitment additional 5% savings)?
10. What impact did the Mechanisms have on the Company's revenues (i.e., whether there has been a stabilizing effect)?
11. How much of the Company's fixed costs recovered from non-decoupling customer classes are recovered in fixed charges?
12. What were the causes of the deviation of actual revenue-per-customer from authorized revenue-per-customer?
13. Please provide analysis and trends on whether the rate cap was reached and the results of the earnings test.
14. Are the allowed revenues from the residential class, non-residential class, and customers not subject to Decoupling recovering their cost of service?

15. Was there any evidence of adverse impacts on customer service, price signal, or utility program operations as a direct result of the decoupling mechanisms?
16. Did the presence of the decoupling mechanisms impact the Company's service quality?
17. What factors impacted the deferral and rate changes, and what was the magnitude of that impact? (e.g., weather, customer counts, conservation, economy, etc.)?
18. What was the impact of the Decoupling deferral on Avista's revenues and rates?
19. What was the effect of updates to the decoupling baseline and resulting effects on deferrals under the mechanisms.

Consultant may also explore other trends and adverse impacts to improve the Evaluation. In conducting the Evaluation, Consultant is expected to rely primarily on existing data provided by Avista. All data must be: necessary and justifiable to the Evaluation and able to be provided within reasonable effort, time frame, and budget constraints.

Because work related to the identification of any trends in conservation performance and conclusive adverse impacts will require careful prioritization, Consultant shall use its previous experience and expertise to suggest areas of focus.

Consultant shall develop a good understanding of the details of the Decoupling accounting deferrals and rate calculations, as well as Avista's energy conservation and low income programs by spending time at Avista's corporate headquarters, as required, to work directly with Avista personnel who have subject matter expertise.

Avista will providing all data required by the Consultant, in a timely manner, to enable Consultant to complete the Evaluation, consistent with the project schedule ("Schedule") described below.

Consultant shall characterize any conclusions or recommendations made as a result of Consultant's Evaluation, as Consultant's own and not representative or binding on the Commission, Commission Staff, Avista, or any member of the DSM Advisory Group.

Schedule:

September 15, 2017	Release of the RFP for bids (released via e-mail only).
October 5, 2017	Intent to Bid notice due from interested firms (4 pm)
October 26, 2017	Proposals due from bidding firms (12 pm (noon))
November 9, 2017	Short list of bidders selected
November 30, 2017	Optional - scheduled interviews with short-list vendors
December 14, 2017	Selection of Evaluator as set forth in the Request for Proposals.
December 28, 2017	Complete Avista contractual agreement process
Week of January 8, 2018	Project Kickoff with Avista and Advisory Group
May 1, 2018	Draft 3-Year Evaluation Report due from Evaluator
July 31, 2018	Final 3-Year Evaluation Report due from Evaluator

5. Deliverables

The evaluator will be responsible for delivering draft and final reports that include the following elements:

- Executive summary
- Introduction and project overview
- Methods and scope
- Measurement and analysis results
  - Audit of deferrals and rate calculations
  - Impacts of decoupling tariff tracker adjustments
  - Impacts on low income customers
- Assessment of any trends and adverse impacts
- Summary of Commission-required questions set for in Section 2.1
- Conclusions and recommendations
- Appendices

The evaluator will also be expected to meet with Avista and the DSM Advisory Group approximately 3 – 6 times throughout the process. At minimum, meetings will occur at the beginning of the project to discuss a work plan, and to present the draft results for the first year and second year evaluations. Such meetings can be held either in-person at Avista, or via conference call.

Appendix B

PROFESSIONAL SERVICES AGREEMENT
Avista Contract No. R-______

This Professional Services Agreement ("Agreement") is entered into between Avista Corporation ("Avista"), a Washington corporation, and LEGAL NAME ("Consultant"), a _______________, (individually, a "Party" and collectively, the "Parties").

Background and Purpose: Avista desires to retain the services of the Consultant to complete an objective, independent evaluation of Avista's electric and natural gas decoupling ("Decoupling") mechanisms ("Mechanism(s)") approved by the Washington Utilities and Transportation Commission (WUTC or "Commission") (the "Services"), and Consultant desires to provide the required Services in return for equitable compensation, subject to the terms of this Agreement. Therefore the Parties agree as follows:

Section 1 Statement of Services and Scope of Services

1.1 Consultant shall furnish the labor and materials necessary to provide the Services pursuant to the requirements stated in the attached Statement of Work incorporated into this Agreement as "Exhibit A" in accordance with the conditions of this Agreement, and if, or as applicable, the acceptance criteria, milestone, completion dates, or time intervals specified in the Statement of Work.

1.2 Modifications to the Statement of Work requested by Avista will be performed in accordance with written Work Authorizations or Change Orders, mutually agreed to by the Parties. Work Authorizations and/or Change Orders will be incorporated into this Agreement by this reference upon execution by both Parties.

Section 2 Term of Agreement

This Agreement will become effective when executed by both Parties ("Effective Date") and remain in effect until August 31, 2018, unless terminated at an earlier date in accordance with the terms of this Agreement or extended by mutual written Agreement between the Parties.

Section 3 Compensation

3.1 In return for the satisfactory performance of the Services applicable under this Agreement, Avista will pay the Consultant in accordance with the attached "Pricing Proposal" incorporated into this Agreement as "Exhibit B" in an amount not to exceed $_____________ without the prior written approval of Avista Compensation for Services furnished under Work Authorizations and/or Change Orders will be payable in accordance with Consultant's current pricing schedule or as otherwise agreed to by both Parties under such Work Authorizations or Change Orders.

3.2 State and local sales and use taxes (if any) to be paid by Avista must be shown on invoices as a separate line item; provided however that Consultant will be responsible for the transmittal of such sales tax payments to the taxing authority. Consultant shall place Avista's Contract Number assigned to this Agreement on all of its invoices, and submit such invoices by mail to the address identified in the Section 5 below. Payment for all undisputed invoices will be due 30 days after receipt unless otherwise agreed to by the Parties.

3.3 Consultant shall keep accurate and complete accounting records in support of all costs billed to Avista in accordance with generally recognized accounting principles and practices. Avista or its audit representative will have the right at any reasonable time or times to examine, audit, and/or reproduce the records, vouchers, and their source documents which serve as the basis for compensation. Such documents will be made available for examination, audit, and/or reproduction by Avista for three years after completion of the Services.

3.4 Avista may, without limiting any other rights or remedies, withhold from payments due under the terms of this Agreement, the reasonable value of any claim against Avista which Consultant has failed to settle pursuant to its indemnity obligations. Avista may also withhold from any payments due under this Agreement, sufficient funds to discharge any delinquent accounts of Consultant for which liens on Avista's property have been or can be filed. Avista may at any time pay from such withheld funds any amounts due Avista.

3.5 Consultant may invoice Avista on a monthly basis, for all pre-approved, reasonable travel expenses, as such expenses are incurred, including without limitation, hotel, meals, and car rental. Consultant and its subcontractors shall seek to minimize all travel expenses associated with performing the Services including, but not limited to, using coach air fare, booking flights in advance whenever possible, staying at hotels identified by Avista as offering corporate rates, and sharing rental cars where feasible. In the event Consultant delays the Services or deliverables for any reason solely due to Consultant, Avista shall not be liable for the travel expenses incurred by the Consultant for the period of time that the Services are delayed. Each invoice for travel expenses must be supported by all receipts, documents, compensation segregation (by labor category), information and other items as Avista may reasonably request; provided that receipts for meals will not be required and will be reimbursed on a per diem basis in accordance with the limits stated in the most current Federal Travel Regulations.

Section 4 Party Representatives

4.1 Avista's Representative, Pat Ehrbar, will be the point of contact for Avista in all matters (subject to Avista financial authority limits), in connection with the Consultant's performance under this Agreement.

4.2 Consultant's Representative, _____________, will be the point of contact for the Consultant in all matters in connection with Consultant's performance under this Agreement, including supervision of the Services furnished.

Section 5 Notices to the Parties

5.1 All notices, demands, requests, and other communications under this Agreement must be in writing and sent by mail (postage prepaid), or delivered to the other Party either electronically or by a recognized commercial courier, addressed as set forth below. Such notices, demands, requests and other communications will be deemed given as of the date delivered, or if sent electronically or by mail, upon receipt.

5.2 Notices to Avista:

Project/Technical Communications/Invoices: Attention Pat Ehrbar, MSC-27
Legal, Contractual, Insurance Notices: Attention Supply Chain Management, MSC-33

At the following address:

Avista Corporation
1411 E. Mission Ave
PO Box 3727
Spokane, WA 99220-3727
Ref.: Avista Contract R-______

5.3 Notices to Consultant:

____
____
____
Attention: ___________

5.4 Either Party may change its address, designated Representative, or other point-of-contact or delegate by providing written notice to the other Party as set forth above.

Section 6 Insurance Requirements

Consultant shall secure, and, for the duration of this Agreement, continuously carry with insurance carriers licensed to conduct business in the state in which the Services are to be performed, the minimum level of insurance coverage identified below. Such carriers must have an A.M. Best rating of A-, Class VIII or better.

6.1 Workers Compensation/Employer's Liability: insurance coverage with respect to all persons performing Services in accordance with the applicable laws of the state in which the Services are to be performed.

6.2 Commercial General Liability: insurance coverage on an occurrence basis with a minimum single limit of $2,000,000. The coverage must include: (i) Bodily Injury and Property Damage Liability, (ii) Contractual Liability specifically related to the indemnity provisions of this Agreement, and (iii) Products and Completed Operations Liability to extend for a minimum of three years past acceptance or termination of the Services.

6.3 Business Automobile Liability: insurance coverage with a minimum single limit of $2,000,000 for bodily injury and property damage with respect to Consultant's vehicles whether owned, hired, or non-owned, assigned to, or used in the performance of the Services.

6.4 Professional Liability (Errors and Omissions): insurance coverage in a form acceptable to Avista with a minimum single limit of $2,000,000 to cover claims arising out of Consultant's professional services under this Agreement. This policy must be maintained for five years after Avista's acceptance of Consultant's Services.

6.5 Other Insurance Policy and Endorsement Requirements

6.5.1 The insurance coverages set forth above may be met by a combination of the dollar limit of the specified insurance type and an excess or umbrella insurance policy, provided that the excess or umbrella policy includes coverage for the specified insurance types to achieve the appropriate minimum coverages.

6.5.2 Commercial General and Business Automobile Liability Insurance policies must include provisions or endorsements naming Avista, (including its directors, officers and employees) as additional insureds.

6.5.3 All required insurance policies must include provisions that such insurance is primary insurance with respect to Avista's interests and that any other insurance maintained by Avista is excess and not contributory insurance with the required insurance. Consultant shall notify Avista within 30 days of any cancellation or change in limits of liability of any required insurance policy.

6.5.4 Unless specifically waived by Avista in writing, a certificate of insurance and its respective endorsement(s) certifying to the issuance of the insurance coverage and endorsements required above must be furnished to and accepted by Avista prior to the start of Services pursuant to this Agreement. The acceptance of the certificate of insurance by Avista is not intended to and will not reduce, limit, affect, or modify the primary obligations and liabilities of Consultant under the provisions of this Agreement. Noncompliance with the insurance requirements of this Agreement may, at Avista's option, be deemed a material breach of this Agreement.

6.5.5 Consultant shall ensure that any policy of insurance that Consultant or any subcontractor carries as insurance against property damage or against liability for property damage or bodily injury (including death) shall include a provision providing a waiver of the insurer's right to subrogation against Avista as the additional insured. To the extent permitted by the policies of insurance, Consultant hereby waives all rights of subrogation against Avista as the additional insured.

6.6.6 Consultant shall require all subcontractors performing Work under this Agreement to secure and, for the duration of this Agreement, continuously carry with insurance carriers licensed to conduct business in the state in which the Work is to be performed, insurance policies in the levels set forth above. Nothing in this Subsection shall relieve Consultant of its obligations under this Agreement and Consultant's responsibility for all subcontractors performing Work under this Agreement.

Section 7 Other Provisions

7.1 This Agreement consists of the following documents which are: (i) incorporated into this Agreement, (ii) listed in descending order of precedence, and (iii) attached or referenced: the *Professional Services Agreement*, the *General Conditions for Services Agreements Rev 9/29/15*, the *Exhibits* and executed *Work Authorizations* and *Change Orders* (including all applicable attachments).

7.2 Any representation, promise, modification, or amendment to this Agreement will not be binding upon either Party unless reduced to writing and signed by each Party. This Agreement, Amendments, Work Authorizations, and/or Change Orders may be signed in any number of counterparts, each of which when signed will be an original, but all such counterparts will constitute one and the same instrument. The term "counterparts" includes full copies of such signed instruments delivered electronically.

Section 8 Background Check

8.1 Consultant (as an individual), Consultant's employees, and/or Consultant's subcontractors ("Individual(s)") assigned to perform Services, who: (i) require unescorted, physical access to an Avista facility; (ii) require network access to any Avista infrastructure; or (iii) if otherwise required by Avista, in its sole discretion, to secure a background check before, without limitation, entering Avista customers' homes, (in each case, "Access") must clear a background check, compiled either by ACRANET or another third-party service provider qualified to perform such background check. Each background check must include personal identity verification and confirmation that the applicable Individual has not been convicted of a felony within seven (7) years of the date of the background check.

8.2 Each background check must have been performed less than six (6) months prior to an Individual being granted Access, except in the case where an Individual is reassigned to a non-Avista project but remains employed by the Consultant company, in which case, a new background check will not be required if such Individual returns to Avista to provide services within one (1) year of such Individual's departure.

8.3 If an Individual has any severance of employment with the Consultant company (including suspension), such Individual's Access will be terminated and a new background check will be required prior to such Individual being granted Access.

8.4 Additionally, in the event Consultant's Agreement with Avista is terminated, each Individual's Access will be terminated and all Individuals will require new background checks prior to being granted Access.

8.5 Individuals will not be allowed Access to Avista facilities nor shall such Individuals initiate performance of the Services until the attached background check verification form ("Verification Form") incorporated into this Agreement as "Exhibit C" has been received and accepted by Avista's Human Resources Department.

8.6 Consultant must notify Avista within three (3) business days of learning that an Individual providing services to Avista has been convicted of a felony during the term of the Agreement and Avista may, at its sole discretion, revoke such Individual's Access, immediately.

8.7 Avista retains the right to require updated background check verifications of Individuals when it has reasonable grounds to do so (e.g., a workplace violence incident or newly discovered information) to comply with this provision, state or federal laws, rules and regulations, or upon a change of assignment.

8.8 Background checks must be kept current and must be repeated at least every seven (7) years.

8.9 Prior to accessing any Avista facility or if required for any field services under 8.1 (iii) any Individual that requires a background check must obtain an identification badge ("Badge") from Avista's Facilities Management Office, and must display such Badge at all times. Consultant must return all Badges to Avista after completing the Services. Avista, at its sole discretion, may withhold payment from Consultant's most recent invoice until Consultant returns all Badges issued pursuant to this Section. In order to expedite the Badge process, Consultant may provide a color photograph headshot (without concealing items such as hats, bandanas or sunglasses) with the Verification Form.

8.10 Notwithstanding the conditions set forth above, Avista may require Individuals to be escorted at all times when accessing certain designated areas.

This Agreement has been signed by each Party's authorized representative on the date(s) set forth below.

Avista Corporation	______________
______________________	______________________
(*Signature*)	(*Signature*)
______________________	______________________
(*Printed Name*)	(*Printed Name*)
______________________	______________________
(*Title*)	(*Title*)
______________________	______________________
(*Date Signed*)	(*Date Signed*)

GENERAL CONDITIONS FOR SERVICES AGREEMENTS

Avista Corporation
East 1411 Mission Avenue
PO Box 3727
Spokane, WA 99220-3727

Capitalized terms used in these General Conditions will have the meaning ascribed to them in either the Agreement, the Statement of Work, these General Conditions, or other documents incorporated into the Agreement.

GC-1 PERFORMANCE BY CONSULTANT

1.1. Qualifications and Expertise

Consultant represents that its officers and employees have the necessary knowledge, skill and expertise to manage and perform the Services required by this Agreement. Consultant warrants that its officers and employees comply with all of the federal, state and local laws and regulations which apply to the Services. Consultant and approved subcontractors shall hold such current and valid contractor's or professional licenses as required by law in the state in which the Services are to be performed under this Agreement, for the term of the Agreement. Consultant represents that it has obtained and holds all of the permits and certificates that are necessary as a precondition to the performance of the Services. The knowledge, expertise and qualifications of Consultant and its officers and personnel to perform or supervise the performance of the Services, including the possession of appropriate permits and certificates, is the essence of this Agreement.

1.2. Standard of Performance

The standard of care and skill for all professional and related Services performed or furnished by Consultant under this Agreement will be the care and skill ordinarily used by members of the subject profession practicing under similar circumstances at the same time and in the same locality.

1.3. Delegation and Subcontracting

Consultant shall not (by contract, operation of law or otherwise) delegate or subcontract performance of any Services to any other person or entity without the prior written consent of Avista. Any such delegation or subcontracting without Avista's prior written consent will be voidable at Avista's option. No delegation or subcontracting of performance of any of the Services, with or without Avista's prior written consent, will relieve Consultant of its responsibility to perform the Services in accordance with this Agreement.

1.4. Consultant Employees

Consultant shall not employ any Avista employee to perform any of the Services. Consultant shall employ persons to perform the Services who are fully experienced and properly qualified to perform the same. If requested to do so by Avista, Consultant shall remove from performance of the Services any person Avista determines to be incompetent, careless or otherwise objectionable. Consultant shall assign any key personnel specified in the Agreement to the performance of the Services and shall not (for so long as they remain in Consultant's employ) reassign or remove such personnel without the prior written consent of Avista. If any such personnel leave Consultant's employ or are reassigned or removed by Consultant, Consultant shall replace them with personnel approved by Avista. Consultant shall be solely responsible for meeting all training, supervisory, inspection, certification and retraining requirements necessary to enable its employees and/or the employees of its subcontractors to safely and competently complete the Services, including, without limitation, compliance with 29 CFR §1910.269 and 29 CFR §1926.950 as applicable, and any other laws or regulations applicable to the Services.

1.5. Independence

The Parties intend that an independent contractor relationship will be created between or among them by this Agreement. Consultant personnel performing the Services under this Agreement will not be construed to be employees of Avista; Consultant shall be solely responsible for payment of compensation to such persons. Avista, therefore, will not be responsible for the payment of withholding taxes, unemployment insurance, worker's compensation, social security, pensions, licenses or other fees on behalf of Consultant's personnel in connection with the performance of the Services; such payments are the responsibility of Consultant. Consultant shall be free of any control by Avista in selecting the means, methods, techniques and procedures of work and safety precautions applicable to the Services furnished. This Agreement will not render Consultant a partner or joint venture with Avista. Consultant has no authority to represent Avista in any capacity or assume or create any obligation in the name of or on behalf of Avista, except as expressly authorized in this Agreement.

1.6. Compliance with Laws and Regulations

1.6.1. As a federal contractor Avista must comply with the provisions of certain federal regulations and include such provisions in its contracts and purchase orders. To the extent applicable to the Services applicable under this Agreement, Consultant shall comply, and shall ensure that Consultant's suppliers and subcontractors of every tier comply, with all applicable laws, ordinances, rules, regulations, orders, licenses, permits and other requirements, in effect now or in the future, of any governmental authority (including, but not limited to, such requirements as may be imposed upon Avista that are applicable to the Services). Consultant shall furnish such documents to Avista as may be required to effect or evidence such compliance. All laws, ordinances, rules, regulations and orders required to be incorporated in agreements of this character are incorporated into this Agreement by this reference**.**

1.6.2. To the extent applicable, Consultant shall comply with Executive Order No. 11246, "Equal Opportunity Employment," the "Rehabilitation Act of 1973" and the "Vietnam Era Veterans' Readjustment Assistance Act of 1972" and all of the orders, rules and regulations promulgated under those acts (including, but not limited to, 41 CFR Part 60-1, 41 CFR Part 60-250 and 41 CFR Part 60-741), as may have been or may be amended. Consultant (and its subcontractors of any tier) shall comply with:

- The "Affirmative Action Obligations for Individuals with Disabilities" clause set forth in 41 CFR 60-741.5(a) which prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action to employ and advance in employment qualified individuals with disabilities.
- The "Affirmative Action for Veterans" clause set forth in 41 CFR 60-300.5(a) which prohibits discrimination against qualified protected veterans, and requires affirmative action to employ and advance in employment qualified protected veterans.
- The "equal opportunity clause" set forth in 41 CFR Section 60-1.4 which is incorporated into these General Conditions by this reference.
- The "Non-Segregated Facilities" clause set forth in CFR Section 60-1.8 and the "Notification of Employee Rights under Federal Labor Laws" set forth in 29 CFR Part 471, Appendix A to Subpart A of Executive Order 13496.

The regulations set forth in this Subsection 1.6.2 do not apply to services or work performed outside of the U.S. by employees who were not recruited in the U.S**.**

1.6.3 Upon request by Avista, Consultant shall provide Avista and any federal or state agency access to (and the right to examine, audit and copy) such information and records providing verification of Consultant's compliance with federal and state regulations applicable to Consultant's performance under the Agreement.

1.7. Correction of Non-Compliant Services or Deliverables

Consultant shall, at its expense, promptly and satisfactorily correct any Services furnished or Deliverables found to be non-compliant with the requirements of this Agreement. If Avista directs Consultant to correct such non-compliance and Consultant fails to comply or indicates its inability or unwillingness to comply, then Avista may, upon 10 days advance written notice to Consultant of Avista's intention to do so, correct (or cause to be corrected) the noncompliance or otherwise achieve compliance by the most expeditious means available to it (by contract or otherwise) and charge to or otherwise recover (e.g., by offset against compensation payable under this Agreement) from Consultant the cost of such corrective measures. Avista's right to make corrections and otherwise achieve compliance and recover from Consultant the cost of corrections is in addition to all other rights and remedies available to Avista under this Agreement or otherwise by law. Consultant's obligation to correct non-compliances will not in any way limit or qualify any other obligation of Consultant under this Agreement.

GC-2 CHANGES IN THE AGREEMENT

2.1. Change Orders

After the Effective Date of the Agreement, no amendment or modification of the provisions of the Agreement will be effective unless made by written Amendment or Change Order executed by both Parties. Changes, additions to, or deletions of the Statement of Work, Specifications, Compensation or Schedules and/or Deliverables, will be accomplished by written Change Orders issued by Avista and signed by both Avista and Consultant. If any change made pursuant to an executed Change Order results in a decrease in the Services to be performed, Consultant will not be entitled to anticipated profit on Services not performed and the loss of anticipated profit will not reduce the decrease in compensation under this Agreement resulting from such change. Further, Consultant will not be entitled to any reallocation of cost, profit, or overhead.

2.2. Work Authorization

The performance of Services by Consultant under this Agreement may be authorized, as required by Avista's Representative, by written Work Authorizations that authorize the start of work on a particular task or group of tasks. The tasks may be pre-defined in this Agreement or, in the case of "on-call" services or work, may be defined in the Work Authorization.

GC-3 INDEMNITY

3.1. Indemnity – General

Subject to applicable law, Consultant expressly agrees to indemnify and, upon request, defend Avista, its directors, officers, employees, and agents, from and against all third party claims, demands, suits, losses, expenses (including court costs and reasonable attorneys' fees), and damages (individually or collectively, "Loss"), brought against or incurred by Avista resulting from, arising out of, or in any way connected with any act, omission, fault, or negligence of Consultant or its employees, agents, suppliers and subcontractors of any tier in the performance or nonperformance of Consultant's obligations under this Agreement. In the event that any such Loss is caused by the concurrent negligence of both Avista and Consultant, including their employees, agents, suppliers and subcontractors, the Loss will be borne by Consultant and Avista in the proportion that their respective negligence bears to the total negligence causing such Loss.

3.2. Indemnity – Claims by Government Authorities

Consultant agrees to indemnify and, upon request, defend Avista, its officers, directors, employees, successors and assigns, from any liability, damage, suit, penalties, demand, and expense (including without limitation, reasonable attorney's fees and court costs) for claims by governmental authorities or others (including Consultant's subcontractors and the employees of Consultant and said subcontractors) of any actual or asserted failure of Consultant to comply with any law, ordinance, regulation, rule or order of any governmental or quasi-governmental body including without limitation, actual or asserted failure of Consultant to comply with employee safety and health regulations, environmental regulations or employment laws in connection with the Services performed pursuant to this Agreement.

3.3. Indemnity - Infringement or Wrongful Use

Consultant specifically and expressly agrees to indemnify and, upon request, defend Avista, its officers, directors, employees, successors and assigns, from all claims, suits, losses, liabilities, damages, expenses (including court costs and reasonable attorneys' fees) and royalties, based upon infringement (or alleged infringement) of any patent, copyright, trade name or trademark or upon Consultant's or its subcontractor's wrongful use (or alleged wrongful use) of any confidential or proprietary concept, method, process, product, writing, information or other item arising out of or in connection with this Agreement, performance of the Services, or the use of any of the Services. Furthermore, if any of the Services or any use of the Services constitutes an infringement of any patent, copyright, trade name or trademark or wrongful use of any confidential or proprietary concept, method, process, product, writing, information or other item, Consultant shall at its expense either (i) procure for Avista the right to use the infringing item, (ii) replace the infringing item with a substantially equal but non-infringing item, or (iii) modify the infringing item so that it becomes non-infringing.

3.4. Waiver of Immunity

To the extent permitted by law, Consultant waives any immunity, defense or other protection that may be afforded by Workers' Compensation, Industrial Insurance or similar laws in the state where Services are performed pursuant to this Agreement (including but not limited to, the Washington Industrial Insurance Act, Title 51 RCW) to the extent Consultant is required under the indemnity provisions of this Agreement to indemnify and defend Avista with respect to any claim or action brought against Avista by an employee of Consultant. The Parties have specifically negotiated this section and contractor makes the foregoing waiver with the full knowledge of the consequences.

GC-4 CONFIDENTIALITY OBLIGATIONS

4.1. Each Party acknowledges that it may come into contact with or possession of confidential information belonging to the other Party during the course of this Agreement. Confidential information acquired by, or disclosed to, any employee, agent, or representative of a Party is deemed to have been acquired by, or disclosed to, the Party. Such information may be in the form of, but not limited to, the following: computer programs, techniques, methods, rules, algorithms, procedures, protocols, forms, instructions, trade secrets, copyrights, patents, customer information, employee information, financial performance information and any other proprietary information used in connection with, or in any way relating to, the Services provided, or the activities of each Party**.**

4.2. Each Party agrees not to divulge, disclose, or otherwise make available in any form to any person or entity, such information belonging to the other Party unless: (i) the information was already known to the receiving Party at the time of the disclosure; (ii) the information was in the public domain at the time it was disclosed to the receiving Party; (iii) the information was obtained by the receiving Party from a third party who was not prohibited from making the disclosure; or (iv) the receiving Party is required to disclose the information to comply with any applicable law, regulation, ruling or order.

4.3. In the event that disclosure is compelled by applicable law, regulation, ruling, or order, the receiving Party will provide the disclosing Party with prompt written notice so that the disclosing Party may seek a protective order or other appropriate remedy. Each Party shall instruct its employees and agents to protect such information of the other Party using the same care and discretion that it would use with respect to its own confidential information. Furthermore, each Party agrees not to use confidential information of the other Party for any purpose other than the performance of this Agreement.

4.4. Avista considers all information provided by Avista, or developed or gathered by Consultant, in connection with the Services, as Avista confidential information. Until the information gathered by Consultant has been released by Avista for public disclosure, such information must be held and protected by Consultant as confidential. Consultant expressly agrees that its evaluations, analyses, reports and other assessments of Avista's plans, facilities, and operations (whether presented orally or in writing or other tangible form) performed by or produced by Consultant pursuant to this Agreement will become the property of Avista and will be deemed Avista Confidential Information.

4.5. Consultant agrees to hold the terms of this Agreement in confidence and will not disclose said terms to third parties, except as may be necessary to its accountants, attorneys, tax advisors, insurance carriers and bankers. Upon Avista's request, or upon termination of this Agreement, Consultant shall return to Avista, or destroy, all documents or other materials containing Avista's Confidential Information and shall retain no copies. Within two weeks after receipt of such request or the termination of this Agreement Consultant shall certify to Avista, in writing, that all materials containing Avista's Confidential Information in its possession have either been returned to Avista or destroyed.

4.6. Consultant represents that its employees performing Services under this Agreement have executed written agreements with Consultant containing appropriate non-disclosure and intellectual property ownership provisions sufficient to enable Consultant to comply with the confidentiality and non- disclosure provisions of this Agreement.

4.7. The Parties acknowledge that the unauthorized disclosure of Confidential Information as defined in this Agreement may give rise to irreparable injury, which may not be adequately compensated by monetary damages. Accordingly in the event of a breach, or a threatened breach of Confidential Information, the nonbreaching Party will be entitled to injunctive relief, in addition to any other remedies available at law or equity.

GC-5 INTELLECTUAL PROPERTY RIGHTS

5.1. To the extent that Consultant is performing Services and furnishing Deliverables under this Agreement related to Consultant's own pre-existing proprietary software, Avista agrees that Consultant owns and will continue to own all proprietary rights including, but not limited to, any patent, copyright, trade secret, trademark and other proprietary rights, in and to such software and any derivative works. Consultant grants Avista a permanent, non-exclusive, assignable, royalty-free license to use any pre-existing software, firmware, programs and any other documentation or technology furnished by Consultant as Deliverables under this Agreement, which is necessary to operate, use, or maintain the Deliverables**.**

5.2. Otherwise all Services performed by Consultant, and all materials, products, deliverables developed or prepared for Avista by Consultant pursuant to the Agreement, are the property of Avista and all title and interest in such will vest in Avista and will be deemed to be a work made for hire made in the course of the Services rendered under this Agreement. To the extent that title to any such works may not, by operation of law, vest in Avista or such works may not be considered works made for hire, all rights, title and interest in such works are irrevocably assigned to Avista by Consultant. All such materials will belong exclusively to Avista, with Avista having the right to obtain and to hold in its own name, copyrights, registrations or such other protection as may be appropriate to the subject matter, and any extensions and renewals of same. Consultant agrees to give Avista and any person designated by Avista, reasonable assistance, at Avista's expense, as might be required to perfect the rights defined in this paragraph. Unless otherwise requested by Avista, upon the completion or termination of the Services Consultant shall turn over to Avista all materials and deliverables developed pursuant to the Agreement.

5.3. The copyrights to all user manuals, training products, instructions and software manuals (the "Documents") furnished by Consultant in connection with any Products and Services provided under this Agreement will remain the property of Consultant or Consultant's supplier(s). Avista may make copies of the Documents subject to the following: (i) the Documents may be used for backup or archival purposes, Avista employee training, support of Avista's operational use of the Products and Services, and non-commercial purposes, (ii) the Documents may not be modified or altered in any way and (iii) all copies made must bear the copyright owner's copyright notice.

GC-6 TERMINATION

6.1. Termination for Convenience

Avista may at any time, by written notice to Consultant, terminate this Agreement as to all or any portion of the Services not then performed, whether or not Consultant is then in breach or default, upon 30 days' prior written notice. Upon receipt of any such notice of termination, Consultant shall, except as otherwise directed by Avista, immediately stop performance of the Services to the extent specified in such notice. In the event termination is not the result of Consultant's breach or default, Consultant will be compensated for the percentage of the Services satisfactorily completed at the time of termination. Consultant will not in any event be entitled to anticipated profit on Services not performed on account of such termination. Consultant shall use its best efforts to minimize the compensation payable under this Agreement in the event of such termination.

6.2. Termination for Cause

Either Party may terminate this Agreement at any time upon 30 days' prior written notice in the event of a material breach by the other Party, provided the breaching Party has not cured such breach during such 30-day period. A material breach includes, without limitation, a material breach of any warranty, insolvency, bankruptcy, general assignment for the benefit of creditors, or becoming the subject of any proceeding commenced under any statute or law for the relief of debtors, or if a receiver, trustee or liquidator of any property or income of either Party is appointed, or if Consultant is not performing the Services in accordance with this Agreement.

6.3. Termination Assistance

In the event the Agreement is terminated prior to the completion of the Services, Consultant shall provide whatever termination assistance (including without limitation, knowledge, and documentation transfer) Avista may request to affect the orderly transfer of information and performance responsibility with minimal disruption to Avista and/or the new service provider selected by Avista.

GC-7 DISPUTE RESOLUTION/ESCALATION PROCESS

7.1. If any dispute arises between the Parties regarding issues of interpretation of the Agreement, the Services to be performed pursuant to the Agreement, the payments to be made, the work to be added or changed by Change Order or Work Authorization, the Parties agree to first negotiate informally, in good faith, to resolve such dispute, claim or protest arising between the Parties. Such informal negotiations will be conducted between the Representatives of each Party and their respective contracting officials.

7.2. If the representatives are unable to resolve the dispute after five days of discussion then, upon the written request of either Party, each of the Parties shall designate an officer to meet at a mutually convenient time and place to evaluate the position or contention of each Party and endeavor to negotiate a resolution of the dispute. If the dispute is not resolved in the meeting between the Parties' officers, either Party may request non-binding mediation by written notice to the other Party. Within seven calendar days after a request for mediation from either Party, the Parties will select a mutually acceptable mediator, and commence non-binding mediation. Each Party will bear its own cost of mediation and one-half of the cost of the mediator. The venue of the mediation proceedings will be in Spokane, Washington. If the Parties are unable to resolve the dispute after conclusion of mediation, then all unresolved disputes will be resolved in a court of competent jurisdiction.

GC-8 MISCELLANEOUS PROVISIONS

8.1. Assignment by Consultant

Consultant shall not assign this Agreement or any right or interest in this Agreement without the prior written consent of Avista, which consent will not be unreasonably withheld. Assignment without Avista's prior written consent will be voidable at Avista's option. No such assignment, with or without Avista's prior written consent, will relieve Consultant from its responsibility to perform the Services in accordance with this Agreement

8.2. Assignment by Avista

Avista may assign this Agreement without consent to an affiliate or subsidiary, or to a successor which acquires all or substantially all of the property and assets of Avista. Subject to the restriction on assignment by Consultant set forth in Section 8.1 above, this Agreement will be fully binding upon, inure to the benefit of and be enforceable by the successors, assigns, and legal representatives of the respective Parties to this Agreement.

8.3. Conflict of interest

Consultant represents that it is not aware of the existence of any relationship, family, or business (contractual or otherwise) between themselves, their principals, officers or employees and Avista, its directors, officers or employees; and it will not perform any work for or enter into any contract with others that may conflict with its contractual, professional, equitable or other obligations to Avista without first obtaining the written approval of Avista.

8.4. Ethics

Consultant shall not, in connection with this Agreement and performance of the Services: (i) pay any commissions or fees, or grant any rebates to any employee or officer of Avista; (ii) favor any employee or officer of Avista with gifts or entertainment of significant cost or value; or (iii) enter into any business arrangements with officers or employees of Avista in their individual capacities, without the prior written approval of Avista's Representative.

8.5. Outstanding Legal Claims

Consultant represents that there are no outstanding legal claims, suits, or proceedings which would in any way conflict with the performance by Consultant of the obligations set forth in this Agreement. Consultant shall promptly notify Avista if any such legal claim, suit, or proceeding is instituted against Consultant during the term of this Agreement.

8.6. Publicity/Advertising

No public statements, announcements, advertisements, or publications relating to this Agreement or its subject matter may be issued by Consultant without the express prior written consent of Avista. Consultant agrees not to display or use, in advertising or otherwise, any of Avista's trade names, logos, trademarks, service marks, or other indicia of origin without the express prior written consent of Avista. Either Party may disclose the other Party's name and a factual description of the Services being performed under the Agreement whenever required by reason of legal, accounting, or regulatory requirements.

8.7. Codes and Standards

Reference to standards, specifications, manuals or codes of any technical society, organization or association, or to the laws or regulations of any governmental authority, whether such reference be specific or by implication, will mean the latest version of such standard, specification, manual, code or laws or regulations in effect on the Effective Date of the Agreement except as may be otherwise specifically stated elsewhere in the Agreement.

8.8. Cumulative Rights and Remedies

All rights and remedies of either Party under the Agreement, at law and in equity, will be cumulative and not mutually exclusive; the exercise of one right or remedy will not be deemed a waiver of any other right or remedy. Except as otherwise provided for in the Agreement, nothing contained in any provision of the Agreement will be construed to limit or exclude any right or remedy of either Party (arising because of the breach or default by the other Party or otherwise) existing under any other provision of this Agreement.

8.9. Severability and Waiver of Provisions

The invalidity or unenforceability of any provision of the Agreement will not affect any other provisions; this Agreement will be construed in all respects as if such invalid or unenforceable provisions were omitted. The failure of Avista to insist upon or enforce strict performance by Consultant of any of provisions or to exercise any rights under this Agreement will not be construed as a waiver or relinquishment to any extent of its right to assert or rely upon any such provisions or rights in that or any other instance; rather, the same will be and remain in full force and effect.

8.10. Entire Agreement; No Third Party Beneficiaries

This Agreement is the entire agreement between the Parties and supersedes all prior agreements and understandings between the Parties concerning its subject matter, whether or not written. Nothing in this Agreement is intended to confer any right or benefit on a person or entity not a party to this Agreement or impose any obligations of either Party to this Agreement on persons or entities not a party to this Agreement.

8.11. Time is of the Essence

Whenever this Agreement sets forth a time for an act to be performed by Consultant, such time will be deemed of the essence. Any failure of Consultant to perform within the time allotted will be sufficient grounds for Avista to invoke any appropriate remedy including, without limitation, termination of this Agreement.

8.12. Attorney's Fees

If any legal action or proceeding is brought by either Party against the other in connection with this Agreement, the prevailing Party will be entitled to recover from the other Party, reasonable attorney's fees to be fixed by the court, together with all costs incurred by the prevailing party in connection with such action or proceeding.

8.13. Survival

Any provisions of this Agreement that, by their sense and context, are intended to survive performance by either or both Parties pursuant to the Agreement will survive the completion of performance and termination of this Agreement. All representations, indemnifications, warranties and guarantees made in, required by or given in accordance with this Agreement, as well as all continuing obligations indicated in the Agreement, will survive final payment, completion and acceptance of the Services and termination or expiration of the Agreement.

8.14. Headings

Section headings are for convenience only and will not be given effect in interpretation of this Agreement.

8.15. Further Assurances

Each Party agrees to do all things necessary or advisable, including but not limited to the preparation, execution, delivery, and recording of any instruments or agreements, in order to confirm and assure the intent and purposes of the Agreement.

8.16. Governing Law and Venue

Any action at law or in equity to enforce the terms of this Agreement will be brought in Spokane County, Washington. This Agreement will be construed and interpreted in accordance with the laws of the State of Washington excluding any choice of law rules that may direct the application of laws of a jurisdiction other than Washington.

[END OF GENERAL CONDITIONS]

AVISTA

Request for Proposals

RFP No. R -41321

Attachment A - Order 05 in Docket Nos. UE-140188 and UG-140189

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	)	DOCKETS UE-140188 and UG-140189 (*Consolidated)*
Complainant,	)	ORDER 05
v.	)	
AVISTA CORPORATION d/b/a AVISTA UTILITIES,	)	FINAL ORDER REJECTING TARIFF FILING, ACCEPTING WITH CONDITIONS FULL SETTLEMENT STIPULATION, AUTHORIZING TARIFF FILING, AND REQUIRING COMPLIANCE FILING
Respondent.	)	
. . . .	)	

Synopsis: *The Commission rejects the tariff sheets Avista Corporation d/b/a Avista Utilities (Avista or Company) filed on February 4, 2014, by which the Company requested to increase electric base rates by $18.2 million, or 3.8 percent, and natural gas base rates by $12.2 million, or 8.1 percent. Instead, the Commission approves, with conditions a settlement filed by Avista, Commission Staff, Public Counsel, ICNU, NWIGU, and The Energy Project on August 18, 2014, and as amended on September 8, 2014.*

We approve the agreed upon increase in electric revenues by approximately $4 million or 0.8 percent, which includes the impact of a $3 million credit from the existing Energy Recovery Mechanism (ERM) deferral balance. In addition, the Commission approves an electric low income rate assistance program (LIRAP) funding increase of $0.4 million. To partially offset the rate impact of the expiration of the current period's ERM credit and Bonneville Power Administration transmission credits totaling approximately $13.7 million, the Commission approves a settlement that would rebate approximately $8.6 million of Renewable Energy Credit revenues to electric customers over 18 months. In addition, the Commission approves an increase in natural gas revenues by approximately $8.9 million or 5.58 percent, including a natural gas LIRAP funding increase of $0.42 million or 0.14 percent.

The Commission also approves the settling parties' request to implement electric and gas decoupling mechanisms for five years, as well as the use of a third-party evaluation, paid for by Avista shareholders and to be completed following the end of the third full year of the implementation of the mechanisms. We require the Company to consult with its Conservation Advisory Group in the development of the request for proposals (RFP) and the selection of the consultant to perform the evaluation. After incorporating input from its advisory group, Avista must file its draft RFP, including the scope of the evaluation query, with the Commission for its approval. At a minimum, we expect the evaluation to address decoupling's effect on revenues, its impact on conservation, the extent to which the allowed revenues are recovering their allocated cost of service by customer class, and the extent to which fixed costs are recovered in fixed charges for the customer classes excluded from the decoupling mechanisms.

The Commission orders that the LIRAP funding increase proposed in the Settlement be doubled, for a total electric LIRAP funding increase of $400,000 and a total natural gas LIRAP funding increase of $428,000 and encourages parties to file mutually agreed upon additions to the LIRAP program at the same time as any mutually agreed-upon modifications without waiting until the following year as contemplated by the Settlement. If the parties cannot agree upon modifications or additions to the program by June 1, 2015, they should file alternative or competing proposals with the Commission at that time

The Settlement proposed a separate forum in which the parties could discuss attrition and other rate making policy issues. We direct Staff to open an investigatory docket to discuss attrition and other rate making policy issues.

With the above additional requirements and conditions, we approve the Settlement Stipulation.

SUMMARY

1 **PROCEEDINGS:** On February 4, 2014, Avista Corporation d/b/a Avista Utilities (Avista or the Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff WN U-28, Electric Service in Docket UE-140188, and its currently effective Tariff WN U-29, Gas Service in Docket UG-140189. In its filings, Avista requested authority to increase charges and rates for electric service by approximately $18.2 million or 3.8 percent. The overall electric increase Avista proposed is 5.5 percent, including the above-mentioned 3.8 percent base rate increase, a Renewable Energy Credit Revenue Mechanism rebate of 1.1 percent, and the expiration of two rebates currently received by electric customers totaling 2.8 percent, effective January 1, 2015.

2 The Company also requested a natural gas rate increase of $12.1 million, or 8.1 percent. On February 14, 2014, the Commission suspended operation of the tariffs and consolidated the dockets for hearing.

3 **PARTY REPRESENTATIVES:** David J. Meyer, Vice President and Chief Counsel for Regulatory and Governmental Affairs, Spokane, Washington, represents Avista. Brett P. Shearer, Assistant Attorney General, Olympia, Washington, represents the Commission's regulatory staff (Staff or Commission Staff).[1] Lisa W. Gafken, Assistant Attorney General, Seattle, Washington, represents the Public Counsel Section of the Washington State Attorney General's Office (Public Counsel).

4 Melinda J. Davison and Joshua D. Weber, Davison Van Cleve, P.C., Portland, Oregon, represent the Industrial Customers of Northwest Utilities (ICNU). Ronald L. Roseman, Attorney, Seattle, Washington, represents The Energy Project. Chad M. Stokes and Tommy A. Brooks, Cable Huston, Portland, Oregon, represent the Northwest Industrial Gas Users (NWIGU).

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[1] In formal proceedings, such as this, the Commission's regulatory staff participates like any other party, while the Commissioners make the decision. To assure fairness, the Commissioners, the presiding administrative law judge, and the Commissioners' policy and accounting advisors do not discuss the merits of the proceeding with the regulatory staff, or any other party, without giving notice and opportunity for all parties to participate. *See* RCW 34.05.455.

5 **COMMISSION DETERMINATIONS:** The Commission approves and adopts the proposed Settlement Stipulation (Settlement) with the following conditions:

Decoupling Mechanisms and Third-Party Evaluator

- Avista must consult with its Conservation Advisory Group when developing the request for proposal (RFP) for the third-party evaluator tasked with reviewing the Company's five-year electric and natural gas decoupling mechanisms as well as the selection of the evaluator.
- After incorporating input from its advisory group, Avista must file its RFP with the Commission, including the scope of the evaluation query, for approval.
- At a minimum, the third-party evaluation must address decoupling's effect on revenues, its impact on conservation, the extent to which the allowed revenues are recovering their allocated cost of service by customer class, and the extent to which fixed costs are recovered in fixed charges for the customer classes excluded from the decoupling mechanisms.

LIRAP

- Avista must double funding for the low income rate assistance program (LIRAP) from the amount proposed in the Settlement.
- Using Staff's proposed pilot program as a basis, the parties should work together to file mutually agreed upon additions and modifications to the LIRAP. If the parties cannot agree upon modifications or additions to the program they should file alternative or competing proposals with the Commission no later than June 1, 2015.

Attrition

- Staff will open an investigatory docket to facilitate discussion of attrition and other rate making policy issues.

MEMORANDUM

I. Background and Procedural History

6 On February 4, 2014, Avista filed revisions to its currently effective Tariff WN U-28, Electric Service, and Tariff WN U-29, Gas Service. The Company requested authority to increase charges and rates for electric service by approximately $18.2 million, or 3.8 percent. The Company also requested a natural gas rate increase of $12.1 million, or 8.1 percent. On February 14, 2014, the Commission suspended operation of the tariffs and consolidated the dockets for hearing.

7 Avista based its initial request on a test year from July 1, 2012, through June 30, 2013. The filing included proposals for the following:

- An overall rate of return (ROR) of 7.71 percent.[2]
- A return on common equity (ROE) of 10.1 percent.[3]
- A capital structure consisting of 49.0 percent equity and 51.0 percent debt.[4]

8 On March 7, 2014, the Commission conducted a prehearing conference before Administrative Law Judge Marguerite E. Friedlander. On July 22, 2014, Staff, Public Counsel, The Energy Project, NWIGU, and ICNU filed response testimony and exhibits. Following notification from the parties that they had reached a full settlement, the Commission suspended the remaining procedural schedule on August 14, 2014. The Commission held public comment hearings in both Spokane and Spokane Valley, Washington, on August 26, 2014, and August 27, 2014, respectively. Collectively, 15 members of the public spoke at the public comment hearings. In total, the Commission and Public Counsel received 179 comments regarding the proposed rate increase from Washington customers, with 158 comments opposing

[2] Morris, Exh. No. SLM-1T, at 3:18.

[3] *Id.*

[4] *Id.*

the increase, one comment supporting the increase, and 20 comments neither supporting nor opposing.[5]

9 On August 18, 2014, Avista, Staff, Public Counsel, ICNU, NWIGU, and The Energy Project filed a Settlement, attached to this Order as Appendix A. The settling parties also filed joint testimony in support of the Settlement on August 29, 2014. On September 8, 2014, the settling parties filed certain amendments to the Settlement and Joint Testimony to reflect corrections to the level of LIRAP funding increases. On September 23, 2014, the Commission convened a settlement hearing in Olympia, Washington. Chairman David W. Danner, Commissioner Philip B. Jones, and Commissioner Jeffrey D. Goltz were assisted at the bench by Judge Friedlander. Altogether, the record includes more than 200 exhibits entered during the settlement hearing. The transcript of this proceeding exceeds 250 pages in length.

10 On November 12, 2014, Avista filed, in compliance with conditions in the Settlement, an updated power supply revenue requirement increase of $5.6 million, an amount lower than the $6.3 million originally requested.

II. Settlement Stipulation

A. Introduction

11 The Commission's statutory duty, in the context of a general rate case, is to balance the needs of the public to have safe and reliable gas and electric service at reasonable rates with the financial ability of the utility to provide such service prospectively. In fulfilling its statutory duty, the Commission must establish rates that are "fair, just, reasonable and sufficient."[6] The rates must be fair to both customers and the utility; just, in that the rates are based solely on the record in this case following the principles of due process of law; reasonable, in light of the range of potential outcomes presented in the record; and sufficient, to meet the financial needs of the utility to cover its expenses and attract capital on reasonable terms.[7]

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[5] Exh. No. 5.

[6] RCW 80.28.010(1); RCW 80.28.020.

[7] *Federal Power Commission v. Hope Natural Gas,* 320 U.S. 591 (1944); *Bluefield Water Works & Improvement Company v. Public Service Commission of West Virginia,* 262 U.S. 679 (1923). *See People's Organization for Washington Energy Resources v. Washington Utilities & Transportation Comm'n,* 104 Wn.2d 798, 807-13, 711 P.2d 319 (1985) (describing rate setting process in Washington).

12 Pursuant to WAC 480-07-750(1), the Commission will approve settlements when doing so is lawful, the settlement terms are supported by an appropriate record, and when the result is consistent with the public interest in light of all the information available to the Commission. Ultimately, in settlements, as in litigated rate cases, the Commission must determine that the resulting rates are fair, just, reasonable, and sufficient, as required by state law.

13 Thus, the Commission considers the individual components of the settlement under a three-part inquiry. We ask:

- Whether any aspect of the proposal is contrary to law.
- Whether any aspect of the proposal offends public policy.
- Whether the evidence supports the proposed elements of the settlement as a reasonable resolution of the issues at hand.

14 The Commission must reach one of three possible results:

- Approve the proposed settlement without condition.
- Approve the proposed settlement subject to one or more conditions.
- Reject the proposed settlement.

B. Terms and Conditions

1. Summary

15 On August 18, 2014, the Company filed a Settlement on behalf of all parties. The agreement itself is a "black box" Settlement. This means that the settling parties agree on some important components in the rate case, such as revenue requirement, decoupling mechanisms with a third-party evaluator, and rate spread and rate design, but the Settlement does not articulate the "give and take" process that produced these results. Put another way, the settling parties agree to firm end-result numbers without indicating which parties' adjustments or issues have been included in the final numbers.

16 Some of the contested issues that the Settlement proposes to resolve are:

- Rate increases for 2015 (both electric and natural gas);
- Five-year electric and natural gas decoupling mechanisms and third-party evaluations;
- Determination of power supply costs;
- Rate spread and rate design (both electric and natural gas); and
- Increased LIRAP funding.

The settling parties propose a January 1, 2015, effective date for the rate increases.[8] They indicate that this provision is an integral part of the Settlement.[9]

2. Discussion

a. Rate Increases

17 Effective January 1, 2015, the Settlement provides for an increase in Avista's annual electric revenues of $7.0 million, or 1.4 percent.[10] The overall net billed impact of this Settlement is an increase of $11.9 million, or 2.48 percent, consisting of an increase in base rates and the following revenue increases and credits due to:

- The January 1, 2015, expiration of the current Energy Recovery Mechanism (ERM)[11] and Bonneville Power Authority transmission[12] credits, increasing electric rates by $13.7 million or 2.8 percent.
- Mitigation of the increase in electric rates by using $3 million from the ERM deferral account, resulting in increased electric rates of only 0.8 percent.[13]

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[8] Exh. No. 5, ¶ 22.

[9] *Id.*

[10] Settlement, ¶ 4.

[11] Credit of approximately $9.2 million originated in Docket UE-120436 as an ERM refund.

[12] Credit of approximately $4.4 million stems from a settlement with the Bonneville Power Administration implemented in Docket UE-130536.

[13] *Id.*

- Rebates to customers over 18 months using $8.6 million from the Renewable Energy Credit (REC) deferral account, lowering electric rates by $5.9 million annualized or 1.2 percent.[14]
- An increase in LIRAP funding by $0.2 million or 0.04 percent.

18 The Settlement reflects a net electric rate increase impact, including offsets from credits and refunds, of approximately $11.9 million (2.48 percent).[15] The settling parties also agree that natural gas base revenues would increase by approximately $8.5 million (5.58 percent overall) over existing 2014 levels.[16]

19 On November 12, 2014, Avista filed its updated power supply costs in compliance with the Settlement.[17] The Company's update reflects a total base power supply increase of approximately $5.6 million that will be fully offset by an available credit from the ERM deferral balance.[18] Under the terms of the Settlement, if the update which includes updated natural gas and electricity market prices, new short term contracts for gas and electric, updated power and transmission service contracts, $0.5 million power supply expense reduction, and $0.7 million 2015 REC expenses, results in an increase in net power supply costs, the increase will be offset with available ERM deferral balance.[19]

20 Table A below, which was originally presented in the Joint Testimony in support of the Settlement,[20] has been modified to take into account the Company's updated power supply impacts as well as the Commission decision to double the Settlement's proposed LIRAP increases, which are discussed below.

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[14] *Id.*, ¶ 5(b).

[15] Joint Testimony, at 34:14.

[16] Settlement, ¶4.

[17] *Id.*, ¶6.

[18] November 2014 Update, Appendix 2.

[19] The ERM deferral balance as of June 30, 2014 is $16.7 million, and is currently estimated to be $13.9 million by December 31, 2014. Settlement, ¶6.

[20] Joint Testimony, at 34 at 34:1-14.

Revised Table A

Table A				
Rate Impacts Summary				
(000s of Dollars)				
Rate Changes Effective January 1, 2015	Electric		Natural Gas	
Rate Increase:				
Base General Increase	$7,000	1.40%	$8,500	5.30%
Base Power Supply Increase	5,295	1.10%		
Expiration of ERM Credits and BPA Transmission Refund	13,652	2.80%		
Sched 92 LIRAP Increase- Per Settlement	200	0.04%	214	0.14%
Additional Sched 92 LIRAP Change Per Commission	200	0.04%	214	0.14%
Sub-Total 2015 Increase	$26,347	5.38%	$8,928	5.58%
Rate Offset:				
New ERM Credits - Offset to 2015 Increase	(3,000)	-0.60%		
New ERM Credits - Offset to Power Supply Increase	(5,295)	-1.10%		
REC Credits Used to Offset 2015 Increase	(5,936)	-1.20%		
Sub-Total Offset to 2015 Rates	($14,231)	-2.90%		
Total 2015 Net Rate Increase including Offset	$12,116	2.48%	$8,928	5.58%

21 *Decision.* The Settlement's proposed rate increases result from compromises among the parties and reflect a negotiated, comprehensive package and were not necessarily determined by any agreed to specific ratemaking methodology. After extensive discussions and scrutiny, the parties were able to resolve their revenue requirement differences. In their Joint Testimony, the settling parties contend they have achieved a reasonable balancing of interests that is supported by sound analysis and sufficient evidence.[21] After consideration of all the relevant factors, we determine that the

[21] Joint Testimony at 1:16-24.

agreed revenue changes result in rates that are fair, just, reasonable, and sufficient, and that approval is in the public interest.

b. Decoupling[22]

22 The Settlement adopts revenue-per-customer full decoupling mechanisms for all fixed costs of Avista's electric and natural gas systems for the next five years.[23] The electric decoupling mechanism applies to revenues attributed to distribution systems costs as well as the fixed-cost portion of production costs.[24] The decoupling mechanisms commence on January 1, 2015, and terminate on December 31, 2019 and do not apply to certain customer classes including electric Schedules 25, and 41-48, or natural gas Schedules 112, 122, 132, and 146.[25] At hearing, Avista clarified that the decoupling deferral balances will accrue interest at the Federal Energy Regulatory Commission's (FERC) rate which is presently 3.25 percent.[26] The parties also offered clarifications regarding the decoupling mechanisms' earnings tests, conservation commitments, and third-party reviews, which are each described below.

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[22] Decoupling allows for the utility's recovery of the fixed costs it incurs independent of the amounts of electricity and natural gas it sells. Decoupling removes the so-called throughput incentive and is intended to promote more aggressive pursuit of cost-effective conservation.

[23] Settlement, ¶ 13. The decoupling mechanisms agreed to by the parties are based on Avista's original proposal, as modified by the Settlement. Ehrbar, Exh. No. PDE-1T, at 49-78. For a complete description and discussion of the Commission's decoupling policy see *In re WUTC Investigation into Energy Conservation Incentives,* Docket U-100522, Report and Policy Statement on Regulatory Mechanisms, including Decoupling, To Encourage Utilities To Meet or Exceed Their Conservation Targets (Nov. 4, 2010) (Decoupling Policy Statement).

[24] Exh. No. 4, at 18-19. The mechanisms accomplish this by removing the fixed-cost portion of production costs from the ERM and the application of the Retail Revenue Credit in the decoupling mechanisms.

[25] Settlement, ¶ 13(b). The mechanism specified in this Settlement supersedes Avista's currently-effective natural gas decoupling mechanism. Exh. No. 4, at 17, note 13. The electric schedules omitted from the decoupling mechanism include Extra Large General Service (Schedule 25) and Street and Area Lighting (Schedules 41-48). Appendix 2 to Settlement at 3. The natural gas schedules omitted from the decoupling mechanism include Large General Service – Firm (Schedule 112), High Annual Load Factor Large General Service – Firm (Schedule 122), Interruptible Service (Schedule 132), and Transportation Service for Customer-owned Gas (Schedule 146).

[26] Norwood, TR 181:16-183:12; Ehrbar, Exh. No. PDE-9, at 4, line 35; Ehrbar, Exh. No. PDE-10, at 4, line 17. The Settlement did not specify if or when the interest rate will be adjusted to reflect the current FERC rate. Avista must update the interest rate to the current FERC rate on January 1 of each year the mechanisms are in effect.

23 The decoupling mechanisms include an earnings test that the settling parties intend to operate as a benefit to Avista's customers.[27] For example, if volumetric rates produce a surplus of revenue (i.e., sales revenue is above the product of the number of customers in the rate year times the revenue per customer), all of the surplus will be returned to the customers. In addition, if Avista's achieved ROR, as determined in the Company's annual Commission Basis Report exceeds 7.32 percent, the rebate to customers will be increased by half the revenue causing the excess ROR.[28]

24 Alternatively, if the decoupling mechanisms produce a revenue deficit (i.e., sales revenue is below the product of the number of customers in the rate year times the revenue per customer) and Avista's ROR is less than 7.32 percent, a bill surcharge is applied to customer bills to recover the full deficit amount. However, should that condition arise, to the extent Avista's ROR is greater than 7.32 percent, the surcharge on customer bills will be decreased by half the revenue causing the excess ROR.[29]

25 At hearing, the settling parties made three clarifications regarding the earnings test. First, Avista indicated that the Settlement's use of the term "one-half the rate of return in excess of 7.32%" in paragraph 13(c) has the same meaning as the term "one-half the *revenue causing* the excess ROR."[30] Second, Mr. Norwood clarified that if Avista's ROR is exactly 7.32 percent, there will be no adjustment to any surcharge or rebate.[31] Third, Mr. Norwood specified that the earnings test applies to all of the Company's earnings, and is not limited to the amount of decoupling surcharges or rebates.[32]

26 Avista also agrees in the Settlement to increase its electric conservation achievement by 5 percent over its biennial target.[33] At hearing, Avista specified that its 2014-2015 biennial conservation target is currently 64,956 megawatt-hours (MWh), 5 percent of

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[27] Settlement, ¶ 13; TR 179:24-181:7 (exchange between Commissioner Goltz and Mr. Norwood); Exh. No. 4, at 46:10-15.

[28] Settlement, ¶ 13(c)(ii); TR 178:12-179:2.

[29] Settlement, ¶ 13(c)(iii).

[30] Norwood, TR 178:12-179:2; Settlement, ¶ 13(c).

[31] Norwood, TR 179:3-6.

[32] TR 179:24-181:7 (exchange between Commissioner Goltz and Mr. Norwood).

[33] Settlement, ¶ 13(f); RCW 19.285.040(1)(b).

which is 3,248 MWh.[34] Thus, the Settlement commits Avista to achieving 68,204 MWh of conservation in the 2014-2015 biennium. If the electric decoupling mechanism is in effect for any portion of a subsequent biennium, Avista commits to increasing its electric conservation achievement by 5 percent for the entire biennium. In other words, the 5 percent will not be reduced or pro-rated because decoupling is not in effect for the full biennium.[35] If this decoupling mechanism is in effect when Avista files a biennial conservation plan, that plan should state the 5 percent of additional conservation in MWh and the sum of Avista's biennial conservation target, plus this five percent commitment, in MWh.

27 Finally, Avista clarified that the Settlement obligates its shareholders to pay for a third-party evaluation of the decoupling mechanisms after three years.[36] The Settlement does not include specific requirements regarding the scope or contents of this evaluation, though Avista plans to consult with stakeholders as it develops the scope of the evaluation.[37] Mr. Schooley testified for Staff that the evaluation should include, at a minimum:

- an analysis of the mechanism's impact on conservation achievement,
- an analysis of the mechanism's impact on Company revenues (i.e., whether there has there been a stabilizing effect), and
- an analysis of the extent to which fixed costs are recovered in fixed charges for the customer classes excluded from the decoupling mechanisms.[38]

28 *Decision.* We find that the decoupling mechanisms presented in the Settlement are in the public interest, will promote the policy goals of increased conservation, and will result in fair, just, reasonable, and sufficient rates. We require that any review of the mechanisms should, at a minimum, include the three above-referenced analyses Mr. Schooley described. Additionally, we require Avista's decoupling evaluation to analyze if allowed revenues from the following rate classes are recovering their cost of service: residential class, non-residential class, and customers not subject to

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[34] Norwood, TR 179:16-23; *Avista Corp.*, Docket UE-132045, Order 01, Order Approving Avista Corporation's 2014-2023 Achievable Conservation Potential and 2014-2015 Biennial Conservation Target, Subject To Conditions, ¶ 9 (Dec. 19, 2013).

[35] Norwood, TR 181:11-15.

[36] Settlement Stipulation, ¶ 13(a); TR 186:2-13.

[37] Settlement Stipulation, ¶ 13(a); TR 184:25-185:15; TR 186:14-17.

[38] TR 186:18-187:3; TR 187:22-188:11.

decoupling. Finally, to ensure that the evaluation's scope is sufficient to provide the Commission and stakeholders with a meaningful review of the new mechanisms, we require Avista to:

- consult with its conservation advisory group in the development of the evaluation's request for proposals (RFP), and incorporate the input from its advisory group in a draft RFP;
- file a draft RFP for Commission approval that includes the scope of evaluation query, allowing sufficient time for Commission consideration; and
- consult with its conservation advisory group on the selection of the entity to perform the evaluation.

c. Power Supply

29 The base power costs for the Energy Recovery Mechanism (ERM) proposed in the Settlement are derived from the Company's power cost modeling with two additional out-of-model adjustments. At the time of the filing of the Settlement, the Company estimated base power costs to increase by approximately $6.3 million. The Settlement proposed that the Company re-run its power cost model on November 1, 2014.[39] At hearing, the Company agreed to include in this filing its level of planned hedging for the rate year, and its level of hedged positions included in the update base power costs.[40] On November 12, 2014, Avista filed updated power costs based on the November 1, 2014, model run.[41] That filing decreased total power supply costs to $5.6 million.

30 The Settlement provides two additional out-of-model adjustments to base power costs. First, base power costs will include 2015 renewable energy credit (REC) expenses.[42] In Avista's future filings, REC expenses will be included in base power

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[39] *Id.* This update will provide more recent: three-month average natural gas and electricity prices, short-term contracts, transmission contract prices. *Id.* Based on this update, the Company will file with the Commission revised appendices to the Settlement Stipulation by November 17, 2014.

[40] Norwood, TR 233:22.

[41] November 2014 Update, Appendix 2; Settlement, ¶6.

[42] November 2014 Update, Appendix 2. Ms. Fisher provides Public Counsel's rationale for moving these expenses from the REC Revenue Tracker to the ERM. Fisher, Exh. No. LF-1CT, at 15:1-13.

supply costs and subject to the ERM's dead band and sharing bands.[43] Second, base power supply costs will also include Staff's proposed $500,000 expense reduction.[44]

31 Additionally, the settling parties agreed to allow Avista to recover the costs of improving dissolved oxygen levels in Lake Spokane.[45]

32 *Decision.* The proposed modifications are reasonable as a part of the whole Settlement. The ERM currently includes both fixed and variable costs. The Settlement removes fixed costs from the ERM and from the application of the Retail Revenue Credit adjustment.[46] The removal of fixed costs is appropriate because Avista will recover the fixed costs through the decoupling mechanism.[47]

d. Rate Spread/Rate Design

33 In the Settlement, the settling parties agreed to a uniform percentage increase for purposes of spreading among customer classes the final electric base revenue increase approved by the Commission, as well as the ERM rebate amount.[48] With regard to the natural gas increase, the settling parties did not agree on utilization of the results of a single cost of service study for purposes of allocating the final natural gas base revenue increase. Instead, the settling parties agreed to a negotiated rate spread specifically described and set forth in paragraph 15(a) of the Settlement.[49] The overall result is a modest increase in base rates across most schedules.[50]

34 *Decision.* The rate spread proposed in the Settlement results in fair, just, and reasonable allocation of costs among customer classes. The rate design proposed in the Settlement is basically unchanged from current rates, except for modest increases

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[43] *Id.*, ¶ 5(b).

[44] *Id.* Staff proposed this adjustment in Ball, Exhibit No. JBL-2, at 8:8-10:4.

[45] Settlement, ¶ 8.

[46] *Id.*, ¶ 13(e).

[47] Ball, Exhibit No. JLB-1T, at 10:1-13.

[48] Settlement, ¶ 14.

[49] *Id.*, ¶ 15.

[50] *Id.* At hearing, Avista clarified that the proposed basic charges for Schedules 111 and 121 remove the natural gas commodity costs, consistent with a prior Commission decision. Ehrbar, TR 229:22-230:9.

in basic charges in most schedules resulting in fair, just, reasonable, and sufficient rates.

e. LIRAP

35 The Settlement increases annual electric and natural gas LIRAP funding by twice the proposed Schedule 1 increase, for a total increase of $200,000 (5 percent) for electric LIRAP funding and $214,000 (11.6 percent) for natural gas LIRAP funding.[51] The Energy Project estimates that the increased LIRAP funding will provide assistance to an additional 400 households within the Company's service area.[52] At hearing, Avista and the Energy Project indicated that they would be amenable to the Commission approving even more LIRAP funding than set forth in the Settlement, by doubling the Settlement's proposed LIRAP increase.[53] Staff did not take a position, but did not oppose an increase in funding above the increase set forth in the Settlement.[54]

36 In Avista's 2012 general rate case, the Commission approved a multiparty settlement in which Avista committed to discuss potential program design options with Staff and other interested parties, and to propose changes to LIRAP in its next general rate case, if necessary.[55] In September 2013, Avista and Staff hosted a meeting on this topic with representatives of other investor-owned utilities, Commission Staff, the Energy Project, Public Counsel and other stakeholders.[56] In May 2014, Avista participated in a Commission-led workshop on low-income assistance programs.[57]

37 Avista did not propose any changes to LIRAP in this case, a decision Staff noted and opposed in its response testimony.[58] Staff proposed that Avista create a pilot program

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[51] Settlement, ¶ 18.

[52] Joint Testimony, 57:21-28:2.

[53] TR 253:17-25, 254:1-23 (Exchange between Commissioner Jones and Mr. Norwood) (September 23, 2014).

[54] Schooley, TR 254:11-13 (September 23, 2014).

[55] *Utilities & Transp. Comm'n v. Avista Corp.*, Dockets UE-120436 and UG-120437, Order 09 (December 26, 2012).

[56] Williams, Exh. No. JMW-1T, 5:14-19.

[57] *Id.*, 6:1-15.

[58] Kopczynski, Exh. No. DFK-1T, at 17:14-16. Williams, Exh. No. JMW-1T, 7:1-3.

offering rate discounts for low-income electric and natural gas customers,[59] and develop a data collection plan to determine the impact of low-income assistance in its service territory.[60]

38 The Settlement does not include any modifications to the design of LIRAP, or any additional low-income assistance programs. Instead, Avista agrees to continue to meet with Staff, the Energy Project, and other interested parties to develop mutually agreed-upon modifications or additions to LIRAP, and establish a filing schedule.[61]

39 We find that it is difficult for the parties to evaluate and manage LIRAP effectively due to insufficient data.[62] Staff recommended that the Commission facilitate more effective management of the program by ordering Avista to adopt express goals for LIRAP.[63] In the Settlement, the parties agree that the primary intention of any additions or modifications to LIRAP should be to keep low-income customers connected to services, and serve more customers who need assistance.[64] At hearing, the parties also expressed support for the goal of reducing low-income customers' energy burden.[65] We agree that it is important to identify program goals before attempting to redesign a program.[66] We find that the program goals discussed in the Settlement and at hearing are appropriate for Avista's low-income assistance programs.

40 The Settlement requires the parties to meet no later than 30 days after the effective date of this order, and at least every other month thereafter to explore additional program options.[67] The Settlement provides a filing deadline of June 1, 2015, for modifications to the existing LIRAP and June 1, 2016, for any additions to LIRAP.[68]

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59 Williams, Exh. No. JMW-1T, 11:14-17, 17:9-10.

60 *Id.*, 20:1-2.

61 Settlement, ¶ 17.

62 Williams, Exh. No. JMW-1T, 7:5-21, 8:1-10; Eberdt, Exh. No. CME-1T, 7:7-11.

63 Williams, Exh. No. JMW-1T, 2:13-16.

64 Settlement, ¶ 17.

65 TR 271:1-272:20 (Exchange between Chairman Danner and Mr. Eberdt) (September 23, 2014).

66 *Id.*

67 Settlement, ¶ 17.

68 *Id.*

41 The Settlement requires that Avista's shareholders pay for a third-party facilitator acceptable to all the parties to help manage this process.[69] We believe that the Community Action Agencies administering LIRAP are essential stakeholders in this process, and recognize that agencies located outside of the Spokane area may lack the resources needed to attend meetings.

42 *Decision.* We are concerned that the LIRAP funding set forth in the Settlement is not sufficient to meet existing and increasing low income customers' needs while also implementing needed program reforms and additions. At the public comment hearing in Spokane, we heard comments from several low-income customers and advocates stating that the overall rate increases in the Settlement would be burdensome to Avista's low-income customers. Specifically, the Spokane Neighborhood Action Partners (SNAP) stated that it did not support the Settlement, and encouraged us to consider further expanding LIRAP funding to serve more eligible customers.[70]

43 We find that the program goals discussed in the Settlement and at hearing are appropriate for Avista's low-income assistance program. When proposing additions to the LIRAP program or pilot projects, the parties should consider collecting appropriate data necessary both to evaluate the effectiveness of the program and inform ongoing policy discussions.[71]

44 Further, the record in this case shows that the poverty rate in Avista's service territory is higher than the statewide average,[72] and that the majority of customers eligible for LIRAP assistance are not served by the current program.[73] We are sensitive to the

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[69] Settlement, ¶ 17.

[70] Honekamp, TR 96:7-12, 98:1-5 (August 27, 2014). SNAP is an independent community action agency, represented by the Energy Project in this proceeding, and the largest of the community action agencies administering Avista's LIRAP. Mr. Eberdt, on behalf of the Energy Project, clarified at hearing that he didn't understand SNAP's objection to be anything other than concern "that there are a lot of people that are hurting and we're not getting to enough of them." Eberdt, TR 256:12-13.

[71] For example, Aging and Long-term Care of Eastern Washington proposes using the Elder Economic Security Index to qualify customers for low-income energy assistance instead of the Federal Poverty Guidelines; TR 66:5-7 (August 26, 2014); TR 261:22-264:20 (September 23, 2014).

[72] Honekamp, TR 93:4-22 (August 27, 2014).

[73] Eberdt, Exh. No. CME-1T, 7:8-18; Williams, Exh. No. JMW-1T, 7:8-10, 17-19; TR 261:15-20 (Exchange between Commissioner Goltz and Mr. Eberdt) (September 23, 2014).

needs of low income consumers and recognize that as energy prices increase to all consumers so must the available funding to those portions of the Company's customer base that are most affected by such increases. Although we are pleased the settling parties agreed to increase LIRAP funding for electric and natural gas consumers, we find the new proposed annual LIRAP funding levels to be inadequate and modify that portion of the Settlement. We therefore find that it is in the public interest to double the increase in LIRAP funding provided for in the Settlement, to a total increase of $400,000 for electric LIRAP funding and $428,000 for natural gas LIRAP funding.

45 We believe that it is in the public interest to avoid further delay in developing LIRAP program options to increase low income customer participation in the program. At hearing, the parties consented to file an agreed-upon proposal for modifications and additions by June 2015; or file competing proposals, if no consensus is reached.[74]

46 We therefore require Avista to file agreed-upon proposals for modifications *and additions* to LIRAP by June 1, 2015. We recognize that additional meetings or teleconferences may be necessary to comply with this timeline. If the parties do not reach consensus, they may file separate proposals containing program modifications and additions for the Commission's consideration by July 1, 2015.

47 Finally, at hearing, Avista agreed also to pay for the travel and lodging expenses of Community Action Agencies located in its service territory to participate in meetings.[75] We recognize and commend Avista's continued commitment to improving its low-income assistance programs, and we find that it is in the public interest for shareholders to bear these costs. In addition to paying for a third-party facilitator, we also require Avista to pay for any reasonable travel and lodging expenses incurred by Community Action Agencies participating in the meetings.

f. Attrition

48 In its filing, Avista maintains that it is experiencing attrition of earnings and that the decline in earnings is expected to be an ongoing phenomenon.[76] In support of its claim, the Company prepared an attrition study that trends the impact of attrition, by expense class, on its earnings, which it then uses to derive its revenue deficiency.

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[74] Jones, TR 268:8-16 (September 23, 2014).

[75] TR 269:2-12 (Exchange between Commissioner Jones and Ms. Gervais).

[76] Norwood, Exh. No. KON-1T, at 11:6-8.

Staff, in its response testimony, adopted a similar trending method identifying projected expense levels which Staff proposed the Commission use to set rates.[77] Public Counsel strongly opposed the trending methodology used by Avista and Commission Staff, arguing that, although it appears the trending approach used in the prior case "…is working and [is] quite precise," upon closer examination, the apparent precision is not due to the trending. Instead, Public Counsel suggests the attrition study results are due to the Company's decisions to accelerate capital expenditures before the end of the test period.[78] ICNU also opposed the use of the attrition study by pointing out that the proposed methodology has not been approved by the Commission nor has the Company satisfied the burden necessary to justify the Commission changing from its normal practice of setting revenue requirements.[79]

49 Since the parties do not agree that an attrition adjustment is included within the Settlement or whether an attrition adjustment is appropriate at all, we do not deliberate on the merits of any position on the issue presented in this case.[80] The settling parties do, however, recommend that the Commission establish a separate forum to discuss attrition and other general rate making policy issues.[81] Clearly there is a consensus among the parties regarding the need for a formalized discussion of attrition along with other possible ratemaking mechanisms that may address attrition's effects on earnings.[82]

50 In addition to the forum, Avista agrees to provide semi-annual reporting of 2014 and 2015 capital expenditures with actual data by expenditure request, in the categories provided in its *pro forma* "cross check" plant adjustments.[83] The settling parties agree to meet no later than January 31, 2015, to establish any additional details of the capital reporting requirements.[84]

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[77] McGuire, Exh. No. CRM-1CT.

[78] Dittmer, Exh. No. JRD-1CT, at 25:3-18.

[79] Mullins, Exh. No. BGM-1T, at 2:15-26.

[80] Settlement, ¶ 11.

[81] *Id.*, ¶ 21.

[82] Fisher, TR 213:11-18.

[83] Settlement, ¶ 20.

[84] *Id.*

51 *Decision.* We direct Commission Staff to open an investigatory docket for the purpose of convening a forum to address attrition consistent with the Settlement. We expect the forum to be inclusive, open to participation by not only the parties in this proceeding but also the broader community of commission-regulated utility companies and interested consumer groups.

g. Cost of Capital

52 The parties have not formally agreed to capital structure ratios or the elements that make up the Company's authorized cost of capital including ROE or overall ROR.[85] However, despite the lack of formal agreement on the individual components of cost of capital, the parties have agreed to a 7.32 percent ROR for certain purposes including the determination of Allowance for Funds Used During Construction (AFUDC).[86] The Settlement also uses a 7.32 percent ROR as the potential trigger for future earnings tests associated with any decoupling deferral based on the company's reported annual earnings.[87] Appropriately, the Settlement recognizes that the 7.32 percent ROR will be changed to reflect any future ROR authorization that may be established by the Commission.[88]

53 *Decision.* The settling parties note that they undertook extensive negotiations over many components of the Company's filing including the various components of cost of capital. The settlement discussions produced a reasonable balancing of interests with each party making certain concessions on matters which would not have been resolved or agreed to if the parties were to proceed to evidentiary hearings.[89] We accept the 7.32 percent ROR to be used for AFUDC purposes and for the earnings test to be applied for decoupling purposes.

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[85] Settlement, ¶ 10 and 24 and Joint Testimony, Exh. No. 4, at 1:19-20, 11:14-19 and 43:3-6.

[86] Settlement, ¶ 10, n. 7.

[87] Settlement, ¶ 13 Part c.

[88] Settlement, ¶ 13 Part c.ii.1, n. 10.

[89] Joint Testimony, Exh. No. 4, at 11, 14-19.

FINDINGS OF FACT

54 Having discussed above in detail the evidence received in this proceeding concerning all material matters, and having stated findings and conclusions upon issues in dispute among the parties and the reasons therefore, the Commission now makes and enters the following summary of those facts, incorporating by reference pertinent portions of the preceding detailed findings:

55 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington, vested by statute with authority to regulate rates, rules, regulations, practices, and accounts of public service companies, including gas and electrical companies.

56 (2) Avista is a "public service company," an "electrical company," and "gas company" as those terms are defined in RCW 80.04.010 and used in Title 80 RCW. Avista provides electric and natural gas utility service to customers in Washington.

57 (3) On February 4, 2014, Avista filed certain revisions to its currently effective tariffs for electric and natural gas services.

58 (4) The Commission suspended the operation of the proposed tariff revisions pending an investigation and hearing and consolidated the Company's proposed tariff revisions.

59 (5) On August 18, 2014, the parties filed a Settlement Stipulation that, if approved, would resolve the contested issues raised in Avista's initial filing.

60 (6) On September 23, 2014, the Commission convened a settlement hearing to hear the parties' views on why the Settlement should be approved and adopted and to clarify portions of the Settlement.

CONCLUSIONS OF LAW

61 Having discussed above all matters material to this decision, and having stated detailed findings, conclusions, and the reasons therefore, the Commission now makes the following summary conclusions of law, incorporating by reference pertinent portions of the preceding detailed conclusions:

62 (1) The Washington Utilities and Transportation Commission has jurisdiction over the subject matter of, and parties to, these proceedings.

63 (2) The rates proposed by tariff revisions filed by Avista on February 4, 2014, and suspended by prior Commission order, were not shown to be fair, just or reasonable and should be rejected.

64 (3) Avista's existing rates for electric service provided in Washington are insufficient to yield reasonable compensation for the service rendered.

65 (4) Avista requires relief with respect to the rates it charges for electric and natural gas services provided in Washington.

66 (5) The Settlement filed by the parties to this proceeding on August 18, 2014, and revised on September 8, 2014, if approved with conditions, would result in rates that are fair, just, reasonable, and sufficient, and are neither unduly preferential nor discriminatory.

67 (6) The Settlement, which is attached to this Order as Appendix A, and subject to the conditions in paragraph 5, should be approved by the Commission as a reasonable resolution of the issues presented.

68 (7) The Low Income Rate Assistance Program portion of Schedules 91 and 191 should be increased in Avista's electric and natural gas tariffs to levels double those listed in the Settlement.

69 (8) The Settlement is lawful and approval and adoption of it, subject to the conditions set forth in paragraph 5, is in the public interest.

70 (9) Avista should be required to make such compliance and subsequent filings as are necessary to effectuate the terms of this Order.

71 (10) The Commission Secretary should be authorized to accept by letter, with copies to all parties to this proceeding, a filing that complies with the requirements of this Order.

72 (11) The Commission should retain jurisdiction over the subject matters and the parties to this proceeding to effectuate the terms of this Order.

ORDER

THE COMMISSION ORDERS:

73 (1) The proposed tariff revisions Avista Corporation, d/b/a Avista Utilities, filed on February 4, 2014, and suspended by prior Commission order, are rejected.

74 (2) The Settlement filed by the parties on August 18, 2014, and revised on September 8, 2014, which is attached to this Order as Appendix A and subject to the conditions listed in paragraph 5, is approved and adopted as being in the public interest.

75 (3) Avista is required to make a compliance filing including such new and revised tariff sheets as are necessary to implement the requirements of this Order. The stated effective date of the revised tariff sheets shall be January 1, 2015, in accordance with the terms of the Settlement. Avista must make its compliance filing, assuming conditions are accepted, as soon as possible, but no later than December 15, 2014, , to afford Staff a reasonable opportunity to review the filing and to inform the Commission whether Staff finds the revised tariff sheets fully conform to the requirements of this Order.

76 (4) Within 10 days from the date of this Order, Avista must file notification with the Commission if it accepts the conditions imposed by the Commission.

77 (5) The Commission Secretary is authorized to accept by letter, with copies to all parties to this proceeding, such filings as Avista makes to comply with the terms of this Order.

78 (6) The Commission retains jurisdiction over the subject matters and parties to this proceeding to effectuate the terms of this Order.

Dated at Olympia, Washington, and effective November 25, 2014.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

JEFFREY D. GOLTZ, Commissioner

NOTICE TO PARTIES: This is a Commission Final Order. In addition to judicial review, administrative relief may be available through a petition for reconsideration, filed within 10 days of the service of this order pursuant to RCW 34.05.470 and WAC 480-07-850, or a petition for rehearing pursuant to RCW 80.04.200 and WAC 480-07-870.

APPENDIX A

SETTLEMENT STIPULATION
DOCKETS UE-140188 and UG-140189 (consolidated)

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION Complainant, v. AVISTA CORPORATION d/b/a AVISTA UTILITIES Respondent.	)	DOCKETS UE-140188 and UG-140189 (*Consolidated*) FULL SETTLEMENT STIPULATION

I. PARTIES

1. This Settlement Stipulation is entered into by Avista Corporation ("Avista" or the "Company"), the Staff of the Washington Utilities and Transportation Commission ("Staff"), the Public Counsel Section of the Washington Office of Attorney General ("Public Counsel"), Northwest Industrial Gas Users ("NWIGU"), Industrial Customers of Northwest Utilities ("ICNU"), and The Energy Project, jointly referred to herein as the "Parties." Accordingly, this represents a "full settlement" under WAC 480-07-730. The Parties, representing all who have intervened or appeared in these dockets, agree that this Settlement Stipulation (hereinafter "Settlement" and/or "Stipulation") is in the public interest and should be accepted by the Commission as a full resolution of the known issues in these dockets. The Parties understand this Settlement Stipulation is subject to approval of the Washington Utilities and Transportation Commission (the "Commission").

II. INTRODUCTION

2. On February 4, 2014, Avista filed with the Commission certain tariff revisions designed to increase general rates for electric service (Docket UE-140188) and natural gas service (Docket UG-140189) in the State of Washington. Avista requested an increase in electric base rates of $18.2 million, or 3.8 percent from 2014 levels, and an increase in natural gas base rates of $12.1 million, or 8.1 percent from 2014 levels. On March 10, 2014, the Commission entered Order No. 03 suspending the tariff revisions and setting Dockets UE-140188 and UG-140189 for hearing and determination pursuant to WAC 480-07-320. Representatives of all Parties appeared at Settlement Conferences held on July 7, 2014 and August 4, 2014, which were held for the purpose of narrowing or resolving the contested issues in this proceeding. Subsequent discussions led to this Settlement Stipulation.

3. The Parties have reached a settlement of the known issues as among themselves in this proceeding and wish to present their agreement for the Commission's consideration and approval. The Parties, therefore, adopt the following Settlement Stipulation in the interest of reaching a fair disposition of the issues in this proceeding.

III. AGREEMENT

A. Revenue Increases and Rate Effective Dates

4. Increases in Base Rates. The Parties agree that, effective with service on and after January 1, 2015, Avista shall be authorized to implement base rate changes designed to increase its annual revenues, over existing 2014 revenues, from Washington electric customers by $7.0 million (approximately 1.4 percent overall), and from Washington natural gas customers by $8.5 million (approximately 5.6 percent overall). The Parties agree that a credit of $3.0 million from the existing Energy Recovery Mechanism (ERM) deferral balance will be returned to electric customers to mitigate the 2015 rate increase for calendar year 2015, such that the net overall electric rate increase

to customers in 2015 is 0.8 percent overall.

5. January 1, 2015 Electric Billing Changes and REC Revenue Mechanism.

a) Effective January 1, 2015, the current ERM and BPA credits will expire resulting in an overall increase of 2.8%.[1]

b) The Company will rebate approximately $8.6 million of Renewable Energy Credit ("REC") revenues over 18 months ($5.9 million annualized, or 1.3 percent)[2] / [3]. Going forward, the Parties agree that the costs associated with RECs purchased to comply with the Washington Energy Independence Act will be excluded from the REC tracking mechanism,[4] and will be included in the determination of base power supply costs in a general rate case. Any differences in costs from that included in base power supply costs will be tracked through the ERM, and subject to the existing dead band and sharing bands.

6. Power Supply Update. Effective January 1, 2015, the Parties agree to adjust, up or down, Washington electric revenues related to updated power supply costs. The current estimate is a $6.3 million increase for power supply costs. A new power supply model run on November 1, 2014, will determine the final power cost increase and ERM baseline. As in past proceedings, and as noted in Staff testimony (Ball Exhibit No. JLB-1T, page 6), the purpose of this power supply update will be to: 1) update the three-month average of natural gas and electricity market prices; 2) include new short-term contracts for gas and electric; and 3) update or correct power and transmission service contracts for the 2015 rate year. Staff's $500,000 power supply reduction to expense will be

[1] Included in present billing rates is a refund of approximately $9.0 million from the Energy Recovery Mechanism Schedule 93 (as approved in Docket No. UE-120436), and a refund of approximately $4.3 million from the Bonneville Power Settlement (Docket No. UE-130536), both expiring on January 1, 2015.

[2] Page 4 of Appendix 2 shows the rate spread and cents per kWh rate for the REC Revenue rebate.

[3] The Parties agree to the removal of certain 2015 REC expenses of $725,000 in the determination of the REC revenue rebate, and the use of an after-tax cost of capital interest rate (6.34%) on the rebate balance as proposed by Public Counsel and Staff, and agree to the rate spread (E02 allocator - Generation Level Consumption) as proposed by Staff.

[4] The mechanics of the REC tracking mechanism are included in Mr. Johnson's testimony, WGJ-1T, pages 15-16.

reflected in the updated net power supply costs. In addition, the 2015 REC expenses of $725,000, excluded from the REC rebate calculation, will also be added to the updated net power supply costs.

The net power supply costs resulting from this power supply update, including the two adjustments of $500,000 and $725,000, referenced immediately above, will be compared with the net power supply costs in Avista's original filing in this case to determine the adjustment to Washington revenues on January 1, 2015 related to the power supply update. The net power supply costs in Avista's original filing are shown in Appendix 3.[5]

The updated level of net power supply costs will also be used to determine the new base set of power supply revenues and expenses for ERM calculations beginning January 1, 2015, as further explained in Section B below.

If the November 2014 power supply update results in an increase in net power supply costs, the increase will be offset with available ERM deferral balance dollars for the 12-month period January 1, 2015 through December 31, 2015.[6]

The Company will file on or before November 17, 2014, revisions to the appendices to this settlement stipulation to reflect the power supply update. The Parties are free to seek discovery on, and examine the prudence of, the updated power supply items identified above.

7. Natural Gas Project Compass Deferral. The Parties agree the natural gas revenue requirement associated with the Project Compass Customer Information System for the calendar year 2015 will be deferred for recovery in a future proceeding, based on the actual costs of the Project

[5] These net power supply costs, from the original filing, have been adjusted to reflect 2015 system retail loads, per Paragraphs 9 and 12 of this settlement stipulation.
[6] The ERM deferral balance as of June 30, 2014 is $16.7 million, and is currently estimated to be $13.9 million by December 31, 2014.

at the time the Project goes into service. The carrying charge on the deferral balance will be 3.25%. An estimate of the revenue requirement, for illustrative purposes only, is provided in Appendix 1.

8. Lake Spokane Deferral. In Docket No. UE-131576, Order No. 01, the Company received approval to defer and seek recovery in its next general rate case Washington's share ($871,000) of costs related to the improvement of dissolved oxygen levels in Lake Spokane. The agreed upon revenue increase reflects the amortization of this balance over a three-year period beginning January 1, 2015, with no carrying charge.

9. 2015 Billing Determinants. The Parties agree the Washington electric and natural gas revenue increases will be spread using the January 2015 through December 2015 billing determinants.

10. Cost of Capital. The Parties have not agreed on specific capital structure ratios or cost of capital components.[7] The agreed-upon revenue increases reflect a reduction in risk associated with the adoption of decoupling.

11. Attrition. While the Parties agree to the level of electric and natural gas revenue increases, there is disagreement on the use of an attrition adjustment in the determination of the revenue increases.[8]

B. Other Settlement Components

12. ERM Authorized Amounts.

a) For purposes of calculating the monthly ERM entries beginning January 1, 2015, the level of power supply revenues, expenses, retail load, and retail revenue credit for the ERM will be

[7] A 7.32% rate of return, however, will be used for "Allowance For Funds Used During Construction" (AFUDC) and other purposes.

[8] While the Company and Staff support the use of an attrition adjustment to achieve reasonable and sufficient rates, ICNU, Public Counsel and NWIGU do not agree that an attrition adjustment is warranted in this case.

based on the November 1, 2014 updated power supply model run discussed in Section A, Paragraph 6. Appendix 3 includes the level of power supply revenues, expenses, retail load, and retail revenue credit as originally filed by Avista, with the power supply expenses and retail load adjusted to reflect 2015 retail loads. The retail load in the new ERM base numbers will be based on 2015 billing determinants, per Paragraph 9 above.

b) The Retail Revenue Credit (RRC) will be based on Staff's proposed variable rate (revised to exclude all production plant), which will be based on ERM-related FERC accounts. The same RRC will be used for both the ERM calculations and the electric Decoupling Mechanism starting January 1, 2015 (described below).

13. Electric and Natural Gas Decoupling.

a) The electric and natural gas Decoupling Mechanisms illustrated in Appendices 4 and 5 will commence concurrent with the natural gas and electric rate changes January 1, 2015.[9] Per the Company's testimony, the length of the decoupling mechanisms is five years, with a third-party evaluation of the mechanisms paid for by Avista, to be completed following the end of the third full-year.

b) Electric Schedules 25 and 41-48 are excluded from the decoupling mechanism. Natural Gas Schedules 112, 122, 132 and 146 are excluded from the decoupling mechanism.

c) The Company will perform an annual earnings test as follows:

    i. The earnings test will be based on the Company's year-end Commission Basis Reports ("CBR") stated on an average-of-monthly-averages ("AMA") basis, prepared in accordance with WAC 480-90-257 and 480-100-257 (Commission Basis Report). This report is prepared using actual recorded results of electric or natural gas operations and rate base, adjusted for any material out-of-period, non-operating, nonrecurring, and extraordinary items or any other item that materially

[9] Per the Company's filed testimony (PDE-1T, p. 78), the existing partial natural gas decoupling mechanism will be terminated effective January 1, 2015, and the Company will transfer any remaining deferral balance into the new mechanism.

distorts reporting period earnings and rate base. These adjustments have been consistently made by the Company when preparing past CBRs and are consistent with the adjustments described in paragraph (2) (b) of WAC 480-90-257 and 480-100-257 (Commission Basis Report). The CBR includes normalizing adjustments, such as adjustments to power supply-related revenues and expenses to reflect operations under normal conditions. For the earnings test, the decoupling accounting entries adjust revenues from a kilowatt-hour ("kWh") sales basis to a revenue per customer basis. The CBR will not include any annualizing or pro forma adjustments.

ii. Should the Company have a decoupling rebate balance at year-end, the entire rebate will be returned to customers.
    1) If the CBR earned return exceeds 7.32%, the rebate will be increased by one-half the rate of return in excess of 7.32%.[10]

iii. Should the Company have a decoupling surcharge balance at year-end:
    1) If the CBR earned return is less than 7.32%, no adjustment is made to the surcharge, if any, recorded for the year.
    2) If the CBR earned return exceeds 7.32%, the surcharge recorded for the year will be reduced, or eliminated, by one-half the rate of return in excess of 7.32%.

d) The calculation of power supply related revenue that will be deducted from total revenues prior to calculating revenue per customer is as follows: Authorized Power Supply Year kWhs * Retail Revenue Credit.

e) The Retail Revenue Credit is based on Staff's proposed variable rate (revised to exclude all production plant), which is based on ERM-related FERC accounts. The same credit will be used for ERM calculations.

f) The Company agrees to increase its electric energy conservation achievement by 5% over the conservation target approved by the Commission, beginning with the 2014-2015 biennial target.

g) A decoupling surcharge cannot exceed a 3% annual rate adjustment, and any unrecovered

[10] The 7.32% figure used for the earnings test will be adjusted to reflect any subsequent rates of return approved by the Commission during the term of the Decoupling Mechanisms.

balances will be carried forward to future years for recovery. There is no limit to the level of the decoupling rebate.

h) Appendix 4 contains the calculations for determining the baseline allowed revenue per customer for the electric decoupling mechanism. The final form of Appendix 4 will be filed on or before November 17, 2014, to reflect changes from the November 1, 2014 power supply update.

i) Appendix 5 contains the calculations for determining the baseline allowed revenue per customer for the natural gas decoupling mechanism.

C. Rate Spread/Rate Design

14. Electric Rate Spread/Rate Design

a) Electric Cost of Service/Rate Spread – The Parties agree to a uniform percentage of revenue increase for purposes of spreading the base revenue increase of $7.0 million, as well as the $3.0 million ERM offset, as shown on Page 1 of Appendix 2.[11]

b) The Parties agree that the revenue change related to the updated power supply costs discussed in Section A above, as well as the ERM offset, will be spread on a uniform percentage basis. Within each electric rate schedule, the revenue increase from the updated power supply costs and the ERM offset will be applied on a uniform percentage basis to the variable energy blocks.

c) Electric Rate Design, shown on Page 2 of Appendix 2:

(i.) The Residential Basic Charge (Schedule 1) increases from $8 per month to $8.50 per month.

[11] Page 3 of Appendix 2 shows the revenue spread of the $3.0 million to each rate schedule.

(ii.) For the rate design of Schedule 1, the revenue applicable to the volumetric rates is spread on a uniform percentage basis.

(iii.) For the rate design of Schedule 25, the demand charge for the first 3,000 kVa or less increases from $15,000 to $21,000 per month. In addition, the variable demand charge increases from $5.25 to $6.00 per kVa over 3,000 per month. The remaining revenue change applicable to Schedule 25 will be spread on a uniform percentage basis to the three energy block rates.

(iv.) The Rate Design for all other Schedules will be as follows:

- Schedules 11/12 will have an increase in the Basic Charge from $15.00 to $18.00 per month, and a uniform percentage rate change to blocks. In addition, the demand charge will remain at $6.00 per kilowatt in excess of 20 kW per month.
- Schedules 21/22 will have an increase in the Basic Charge from $450 to $500 per month, for the first 50kW or less, and a uniform percentage increase to all blocks for the remaining revenue increase. In addition, the demand charge will remain at $6.00 per kilowatt for all demand in excess of 50 kW per month.
- Schedules 31/32 will have an increase in the Basic Charge from $15.00 to $18.00 per month, and there will be a uniform percentage increase to all blocks for the remaining revenue increase applicable to the schedule.
- Street and Area Lighting (Schedules 41-48) will see a uniform percentage increase.

15. Natural Gas Rate Spread/Rate Design:

a) Natural Gas Cost of Service/Rate Spread – The rate spread for natural gas is shown on Page 6 of Appendix 2. While the Parties do not agree on the results of a single cost of service study, for purposes of settlement the Parties agree to spread the revenue increase as follows:

	Revenue	**Percentage**
Schedule 101	$6,581,000	6.00%
Schedule 111/112	$1,515,000	4.40%
Schedule 121/122	$181,000	4.60%
Schedule 131/132	$43,000	5.60%
Schedule 146	$180,000	7.40%
	$8,500,000	**5.60%**

b) Natural Gas Rate Design, shown on Page 7 of Appendix 2:

(i.) The Basic Charge for Schedule 101 will increase from $8 per month to $9 per month.

(ii.) For Schedule 146, the monthly basic charge will increase from $400 to $500 per month, and the remaining revenue increase will be spread on a uniform percentage basis to all blocks.

(iii.) The Rate Design for other Schedules will be as follows:

- Schedule 111 will have an increase in the monthly Minimum Charge based on Schedule 101 rates (breakeven at 200 therms), and a uniform percentage increase to all blocks.
- Schedule 121 will have an increase in the monthly Minimum Charge based on Schedule 101 rates (breakeven at 500 therms), and a uniform percentage increase to blocks two through four.
- Schedule 131 will have a uniform percentage increase to all blocks.

D. Service Quality and Reliability Program:

16. Avista agrees to meet with Staff and interested parties to develop and implement appropriate service quality metrics, customer guarantees and reporting, with the agreed upon tariff revisions filed on or before June 1, 2015, with a program in place on July 1, 2015.

E. Low Income Rate Assistance Program (LIRAP) Modifications:

17. The Company, the Energy Project, Commission Staff, other interested parties and the agencies that deliver the LIRAP program shall meet to explore additional program options and develop mutually agreed to modifications or additions to the LIRAP program. The primary intention of either additions or modifications is to keep low-income customers connected to service while serving more customers who need assistance. Modifications would entail changes to the existing bill assistance structures, e.g., continuing to serve LIRAP Heat applicants through the summer. Additions are changes that augment the existing programs with new service offerings, such as a targeted rate discount or arrearage management program. Meetings will begin no later than 30 days after the Commission accepts any settlement that covers this issue in this case. A third party facilitator acceptable to all the parties will be used and will be paid for by Avista shareholders. Meetings will be held at least bi-monthly or more frequently until completion. The Company will file mutually agreed upon modifications to the existing LIRAP program with the Commission by June 1, 2015, including a proposal to implement such changes in time for the fall 2015 bill assistance season. Any mutually agreed to addition(s) to LIRAP will be filed by June 1, 2016 for implementation on or after October 1, 2016.

F. LIRAP Funding:

18. The Parties accept the Energy Project and Staff's proposal to increase Electric LIRAP Funding by twice the Schedule 1 increase ($200,000 or 5.0 percent), and Natural gas LIRAP Funding

by twice the Schedule 101 increase ($214,000 or 11.6 percent. In addition, for Schedule 25, the Parties agree that the LIRAP rate will apply to the first and second energy blocks. LIRAP revenues previously collected from the third block will be spread to all schedules, including the first two blocks of Schedule 25, on a uniform percentage of current LIRAP funding levels. The changes to electric LIRAP funding can be found on Page 5 of Appendix 2, and the changes to natural gas LIRAP funding can be found on Page 8 of Appendix 2.

G. <u>Bonneville Power Residential Exchange Program Interest Rate:</u>

19. Related to the carrying charge on the Residential Exchange deferral balance, the Company agrees, effective January 1, 2015, to use a money market carrying charge instead of the Company's average cost of debt.

H. <u>Other Issues:</u>

20. The Company agrees to provide detailed semi-annual reporting of 2014 and 2015 capital expenditures with actual data by expenditure request, in the categories provided in its pro forma "cross check" plant adjustments. The Parties agree to meet and confer by no later than January 31, 2015 to establish any additional details of the capital reporting requirements.

21. The Parties recommend the Commission provide a separate forum to discuss attrition and other rate making policy issues, to include participation by Commissioners, and interested parties.

22. The Parties agree to address in the next general rate case alternative methods to rebate or recover ERM balances.

IV. EFFECT OF THE SETTLEMENT STIPULATION

23. <u>Binding on Parties</u>. The Parties agree to support the terms of the Settlement Stipulation throughout this proceeding, including any appeal, and recommend that the Commission issue an order adopting the Settlement Stipulation contained herein. The Parties understand that this

Settlement Stipulation is subject to Commission approval. The Parties agree that this Settlement Stipulation represents a compromise in the positions of the Parties. As such, conduct, statements and documents disclosed in the negotiation of this Settlement Stipulation shall not be admissible evidence in this or any other proceeding.

24. Integrated Terms of Settlement. The Parties have negotiated this Settlement Stipulation as an integrated document. Accordingly, the Parties recommend that the Commission adopt this Settlement Stipulation in its entirety. Each Party has participated in the drafting of this Settlement Stipulation, so it should not be construed in favor of, or against, any particular Party.

25. Procedure. The Parties shall cooperate in submitting this Settlement Stipulation promptly to the Commission for acceptance. Each Party shall make available a witness or representative in support of this Settlement Stipulation. The Parties agree to cooperate, in good faith, in the development of such other information as may be necessary to support and explain the basis of this Settlement Stipulation and to supplement the record accordingly.

26. Reservation of Rights. Each Party may offer into evidence its prefiled testimony and exhibits as they relate to the issues in this proceeding, together with such evidence in support of the Stipulation as may be offered at the time of the hearing on the Settlement. If the Commission rejects all or any material portion of this Settlement Stipulation, or adds additional material conditions, each Party reserves the right, upon written notice to the Commission and all parties to this proceeding within seven (7) days of the date of the Commission's Order, to withdraw from the Settlement Stipulation. If any Party exercises its right of withdrawal, this Settlement Stipulation shall be void and of no effect, and the Parties will support a joint motion for a procedural schedule to address the issues that would otherwise have been settled herein.

27. Advance Review of News Releases. All Parties agree:

a. to provide all other Parties the right to review in advance of publication any and all announcements or news releases that any other Party intends to make about the Settlement Stipulation. This right of advance review includes a reasonable opportunity for a Party to request changes to the text of such announcements. However, no Party is required to make any change requested by another Party; and,

b. to include in any news release or announcement a statement that Staff's recommendation to approve the settlement is not binding on the Commission itself. This subsection does not apply to any news release or announcement that otherwise makes no reference to Staff.

28. No Precedent. The Parties enter into this Settlement Stipulation to avoid further expense, uncertainty, and delay. By executing this Settlement Stipulation, no Party shall be deemed to have accepted or consented to the facts, principles, methods or theories employed in arriving at the Settlement Stipulation, and, except to the extent expressly set forth in the Settlement Stipulation, no Party shall be deemed to have agreed that such a Settlement Stipulation is appropriate for resolving any issues in any other proceeding.

29. Public Interest. The Parties agree that this Settlement Stipulation is in the public interest.

30. Execution. This Settlement Stipulation may be executed by the Parties in several counterparts and as executed shall constitute one Settlement Stipulation.

Entered into this 18 19 day of August 2014.

Company: By: ______________________
David J. Meyer
VP, Chief Counsel for Regulatory and Governmental Affairs

Staff: By: ______________________
Brett P. Shearer
Assistant Attorney General
Patrick J. Oshie
Assistant Attorney General

Public Counsel: By: ______________________
Lisa Gafken
Assistant Attorney General

NWIGU: By: ______________________
Chad M. Stokes
Cable Huston Benedict
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ICNU: By: ______________________
Melinda Davison
Davison Van Cleve, P.C.

The Energy Project: By: ______________________
Ronald Roseman
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The Energy Project:	By: ______________________________ Ronald Roseman Attorney at Law

APPENDIX 1

Avista Utilities
Project Compass
WA Natural Gas Revenue Requirement (1)

Line No.		Software (FERC 303100)	Hardware (FERC 391100)	Total
1	Depreciation Expense	$ 5,320,106	$ 515,584	$ 5,835,690
2	Property Tax @ 1.5% of Gross Plant, excluding software	-	116,006	116,006
3	Total Expenses	5,320,106	631,590	5,951,696
4	Net Operating Income Before FIT	(5,320,106)	(631,590)	(5,951,696)
5	FIT Benefit of Depreciation and Property Tax	1,862,037	221,057	2,083,094
6	FIT Benefit of Interest Expense	724,635	70,226	794,861
7	Net Operating Income Requirement	$ (2,733,434)	$ (340,308)	$ (3,073,742)
8	Net Plant (2)	$ 79,801,595	$ 7,733,761	$ 87,535,357
9	Accumulated Depreciation (AMA)	(2,660,053)	(257,792)	(2,917,845)
10	Accumulated DFIT (AMA)	(3,723,609)	(360,864)	(4,084,473)
11	Net Rate Base	73,417,933	7,115,105	80,533,039
12	Rate of Return	7.32%	7.32%	7.32%
13	Return on Rate Base	$ 5,374,193	$ 520,826	$ 5,895,018
14	Net Operating Income Requirement including Return	$ 8,107,627	$ 861,133	$ 8,968,760
15	WA Natural Gas Conversion Factor	0.62088	0.62088	0.62088
16	Revenue Requirement	$ 13,058,283	$ 1,386,956	$ 14,445,239
17	WA Natural Gas Allocator	14.31%	14.31%	
18	Revenue Requirement - WA Natural Gas Share (3) (4)	$1,868,446	$198,453	$2,066,899
	Tax benefit of debt			
19	Net rate base per above	$73,417,933	$7,115,105	$80,533,039
20	Debt cost component	2.82%	2.82%	2.82%
21	Debt cost	$2,070,386	$200,646	$2,271,032
22	Federal income tax rate	35%	35%	35%
23	Tax benefit of debt cost	$724,635	$70,226	$794,861

Notes:

(1) Information provided for illustrative purposes. Amounts will be based on actual costs of the Project at the time the Project goes into service.

(2) Project Compass Costs include the following:

Total Cost	$ 89,113,570	$ 8,813,430	$ 97,927,000
Less: Maximo Project (#09905700) transferred to Plant in Sept. 2013	9,311,975	1,079,669	10,391,643
	$ 79,801,595	$ 7,733,761	$ 87,535,357

(3) In service date of January 1, 2015 was used to compute 2015 average rate base. If the in-service date is later than January 1, 2015 the revenue requirement for 2015 will be lower.

(4) The carrying charge on the deferral balance will be 3.25%.

SECOND REVISED APPENDIX 2

Updated November 2014

AVISTA UTILITIES
WASHINGTON ELECTRIC
PROPOSED INCREASE BY SERVICE SCHEDULE
12 MONTHS ENDED DECEMBER 31, 2015
(000s of Dollars)

Updated to reflect November 2014 Power Supply update & ERM offset.

No.	Type of Service	Schedule Number	Base Tariff Revenue Under Present Rates(1)	Base General Increase	Base Power Supply Increase	Base Tariff Revenue Under Proposed Rates(1)	Base Tariff Percent Increase	Sch.93 ERM Decrease	Sch.98 REC Revenue Decrease	Expiration of 2014 ERM/BPA Decrease	Sch. 92 LIRAP Increase	Net General & Sch 92/93/94/98 Increase	Percent Increase on Billed Revenue(2)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	Residential	1	$214,476	$3,061	$2,311	$219,848	2.5%	-$3,625	-$2,535	$6,021	$174	$5,407	2.6%
2	General Service	11/12	$69,493	$989	$749	$71,231	2.5%	-$1,174	-$610	$1,717	$60	$1,731	2.5%
3	Large General Service	21/22	$127,831	$1,828	$1,377	$131,036	2.5%	-$2,160	-$1,523	$3,549	$108	$3,179	2.5%
4	Extra Large General Service	25	$61,637	$877	$667	$63,181	2.5%	-$1,042	-$1,098	$1,937	($156)	$1,185	1.9%
5	Pumping Service	30/31/32	$10,525	$149	$115	$10,789	2.5%	-$178	-$145	$284	$8	$234	2.2%
6	Street & Area Lights	41-48	$6,871	$96	$76	$7,043	2.5%	-$116	-$27	$144	$6	$180	2.5%
7	Total		$490,833	$7,000	$5,295	$503,128	2.5%	-$8,295	-$5,936	$13,652	$200	$11,916	2.4%

* All revenue based on 2015 billing determinants

(1) Excludes all present rate adjustments: Schedule 59 (BPA Residential Exchange), Schedule 91 (DSM Adjustment), Schedule 92 (LIRAP Adjustment), Schedule 93 (Energy Recovery Mechanism), and Schedule 94 (BPA Transmission Revenue).

(2) Includes all rate adjustments: Schedule 59 (BPA Residential Exchange), Schedule 91 (DSM), Schedule 92 (LIRAP), Schedule 93 (ERM), Schedule 94 (BPA Transmission Revenue), and Schedule 98 (REC Revenue Rebate).

AVISTA UTILITIES
WASHINGTON ELECTRIC
PRESENT AND PROPOSED RATE COMPONENTS BY SCHEDULE

Updated to reflect November 2014 Power Supply update & ERM offset.

Type of Service	Base Tariff Sch. Rate	Present Other Adj.(1)	Present Billing Rate	General Rate Inc/Dec	Sch. 93/98 ERM/REC Decrease	Sch. 93/94 ERM/BPA Increase	Sch. 92 LIRAP Increase	Proposed Billing Rate	Proposed Base Tariff Rate
Total Profo (a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Residential Service - Schedule 1									
Basic Charge	$8.00		$8.00	$0.50				$8.50	$8.50
Energy Charge:									
First 800 kWhs	$0.07369	($0.00214)	$0.07155	$0.00156	($0.00253)	$0.00247	$0.00007	$0.07312	$0.07525
800 - 1,500 kWhs	$0.08573	($0.00214)	$0.08359	$0.00182	($0.00253)	$0.00247	$0.00007	$0.08542	$0.08755
All over 1,500 kWhs	$0.10050	($0.00214)	$0.09836	$0.00214	($0.00253)	$0.00247	$0.00007	$0.10051	$0.10264
General Services - Schedule 11									
Basic Charge	$15.00		$15.00	$3.00				$18.00	$18.00
Energy Charge:									
First 3,650 kWhs	$0.11391	$0.00173	$0.11564	$0.00116	($0.00304)	$0.00293	$0.00010	$0.11679	$0.11507
All over 3,650 kWhs	$0.08370	$0.00173	$0.08543	$0.00085	($0.00304)	$0.00293	$0.00010	$0.08627	$0.08455
Demand Charge:									
20 kW or less	no charge		no charge	no charge					no charge
Over 20 kW	$6.00/kW		$6.00/kW					$6.00/kW	$6.00/kW
Large General Service - Schedule 21									
Energy Charge:									
First 250,000 kWhs	$0.07099	$0.00103	$0.07202	$0.00141	($0.00256)	$0.00247	$0.00008	$0.07342	$0.07240
All over 250,000 kWhs	$0.06349	$0.00103	$0.06452	$0.00126	($0.00256)	$0.00247	$0.00008	$0.06577	$0.06475
Demand Charge:									
50 kW or less	$450.00		$450.00	$50.00				$500.00	$500.00
Over 50 kW	$6.00/kW		$6.00/kW					$6.00/kW	$6.00/kW
Primary Voltage Discount	$0.20/kW		$0.20/kW					$0.20/kW	$0.20/kW
Extra Large General Service - Schedule 25									
Energy Charge:									
First 500,000 kWhs	$0.05708	$0.00042	$0.05750	($0.00092)	($0.00199)	$0.00180	$0.00005	$0.05644	$0.05616
500,000 - 6,000,000 kWhs	$0.05135	$0.00042	$0.05177	($0.00082)	($0.00199)	$0.00180	$0.00005	$0.05081	$0.05053
All over 6,000,000 kWhs	$0.04391	$0.00042	$0.04433	($0.00071)	($0.00199)	$0.00180	($0.00046)	$0.04297	$0.04320
Demand Charge:									
3,000 kva or less	$15,000		$15,000	$6,000				$21,000	$21,000
Over 3,000 kva	$5.25/kva		$5.25/kva	$0.75/kva				$6.00/kva	$6.00/kva
Primary Volt. Discount									
11 - 60 kv	$0.20/kW		$0.20/kW					$0.20/kW	$0.20/kW
60 - 115 kv	$1.10/kW		$1.10/kW					$1.10/kW	$1.10/kW
115 or higher kv	$1.40/kW		$1.40/kW					$1.40/kW	$1.40/kW
Annual Minimum	Present:	$779,230					Proposed:	$841,610	
Pumping Service - Schedule 31									
Basic Charge	$15.00		$15.00	$3.00				$18.00	$18.00
Energy Charge:									
First 165 kW/kWh	$0.09545	$0.00087	$0.09632	$0.00167	($0.00252)	$0.00222	$0.00007	$0.09776	$0.09712
All additional kWhs	$0.06817	$0.00087	$0.06904	$0.00119	($0.00252)	$0.00222	$0.00007	$0.07000	$0.06936

(1) Includes all present rate adjustments: Sch. 59 (BPA Residential Exchange), Sch. 91 (DSM Adjustment), Sch. 92 (LIRAP Adjustment), Sch. 93 (Energy Recovery Mechanism) and Sch 94 (BPA Transmission Revenue)

AVISTA UTILITIES
WASHINGTON ELECTRIC
ERM REVENUE DECREASE BY SERVICE SCHEDULE
(000s of Dollars)

Updated to reflect November 2014 Power Supply update & ERM offset.

		Present Base Revenue	ERM Offset	Percentage Change	kWh Rate	Billing Determinants
1 Residential	1	$214,476,179	$ (3,624,621)	-1.69%	$ (0.00149)	2,437,508,068
2 General Service	11/12	$69,492,932	$ (1,174,422)	-1.69%	$ (0.00200)	586,109,432
3 Large General Service	21/22	$127,830,953	$ (2,160,327)	-1.69%	$ (0.00150)	1,436,806,481
4 Extra Large General Service	25	$61,636,549	$ (1,041,650)	-1.69%	$ (0.00097)	1,076,126,636
5 Pumping Service	30/31/32	$10,524,650	$ (177,865)	-1.69%	$ (0.00139)	127,927,573
6 Street & Area Lights	41-48	$6,870,763	$ (116,115)	-1.69%	$ (0.00458)	25,328,044
7 Total		$490,832,026	$ (8,295,000)	-1.69%		5,689,806,234

REC Revenues Rebate Allocation - Generation Level Consumption

Line No.	DESCRIPTION A	TOTAL B	RESIDENTIAL SCHEDULE 1 C	GENERAL SVC. SCH. 11,12 D	LG. GEN. SVC. SCH. 21,22 E	EX LG GEN SVC SCHEDULE 25 F	PUMPING SCH. 30, 31, 32 H	ST & AREA LTG SCH. 41-48 I	J
1	**Generation Allocated**								
2	Total Generation Percentage	100.00%	42.51%	10.07%	25.68%	18.90%	2.38%	0.46%	(1)
3	2015 Rebate Amount	$ (5,936,379)	$ (2,535,008)	$ (609,554)	$ (1,523,015)	$ (1,097,649)	$ (144,558)	$ (26,594)	
4	Annual Load (Rate Year)	5,689,806,233	2,437,508,067	586,109,432	1,436,806,481	1,076,126,635	127,927,574	25,328,044	(2)
5	Cents Per kWh Rate		$ (0.00104)	$ (0.00104)	$ (0.00106)	$ (0.00102)	$ (0.00113)	$ (0.00105)	
6	Total Bills	2,922,458	2,494,197	369,788	24,074	253	34,146		
7	Avg Monthly Credit Per Customer		$ (1.02)	$ (1.65)	$ (63.26)	$ (4,338.53)	$ (4.23)		
8	Avg Annual Credit Per Customer		$ (12.20)	$ (19.78)	$ (759.17)	$ (52,062.41)	$ (50.80)		
9									
10	**Rate Calculation**								
11	18-mo Rebate Amt	$ (8,679,049)	$ (3,688,996)	$ (874,177)	$ (2,228,873)	$ (1,640,311)	$ (206,468)	$ (40,225)	
12	Load Forecast (18 Months)	8,347,293,891	3,563,388,464	836,891,898	2,109,870,302	1,615,235,840	183,456,283	38,451,104	
13	**Cents Per kWh Rate**		**$ (0.00104)**	**$ (0.00104)**	**$ (0.00106)**	**$ (0.00102)**	**$ (0.00113)**	**$ (0.00105)**	

(1) E02 Allocator (Generation Level Consumption)
(2) 2015 loads updated per Avista Response to Staff Data Request 24, Supplemental 2 Attachment A

Avista Electric
LIRAP Rate Calculation
UE-140188

			Settlement Billing Determinants *	Adjusted LIRAP Revenue	5.0% LIRAP Increase	Settlement LIRAP Revenue	Settlement Sch 92 kWh Rate
1	Residential	1	2,437,508,067	$ 1,790,246	$ 89,512	$ 1,879,759	$ 0.00077
2	General Service	11/12	586,109,432	$ 621,110	$ 31,055	$ 652,166	$ 0.00111
3	Large General Service	21/22	1,436,806,481	$ 1,115,575	$ 55,779	$ 1,171,354	$ 0.00082
4	Extra Large General Service	25	668,283,785	$ 322,543	$ 16,127	$ 338,670	$ 0.00051
5	Pumping Service	30/31/32	127,927,574	$ 85,904	$ 4,295	$ 90,199	$ 0.00071
6	Street & Area Lights	41-48	25,328,044	$ 63,439	$ 3,172	$ 66,611	0.96%
7	Total		5,281,963,383	$ 3,998,818	$ 199,940	$ 4,198,758	

* The 3rd block billing determinants of Schedule 25 excluded per Settlement Agreement.

AVISTA UTILITIES
WASHINGTON NATURAL GAS
PROPOSED INCREASE BY SERVICE SCHEDULE
12 MONTHS ENDED DECEMBER 31, 2015
(000s of Dollars)

Line No.	Type of Service	Schedule Number	Base Tariff Revenue Under Present Rates(1)	Proposed General Increase	Base Tariff Revenue Under Proposed Rates	**Base Tariff Percent Increase**	Total Billed Revenue at Present Rates (2)	Sch. 192 LIRAP Increase	Total GRC/LIRAP Increase	**Percent Increase on Billed Revenue (2)**
	(a)	(b)	(c)	(d)	(e)	**(f)**	(g)	(h)	(i)	**(j)**
1	General Service	101	$110,008	$6,581	$116,589	**6.0%**	$114,458	$156	$6,737	**5.9%**
2	Large General Service	111/112	$34,391	$1,515	$35,906	**4.4%**	$35,967	$51	$1,566	**4.4%**
3	Large General Svc.-High Annual Load Factor	121/122	$3,932	$181	$4,113	**4.6%**	$4,181	$6	$187	**4.5%**
4	Interruptible Service	131/132	$768	$43	$811	**5.6%**	$798	$1	$44	**5.5%**
5	Transportation Service	146	$2,434	$180	$2,614	**7.4%**	$2,436	$0	$180	**7.4%**
6	Special Contracts	148	$1,542	$0	$1,542	**0.0%**	$1,542	$0	$0	**0.0%**
7	Total		$153,075	$8,500	$161,575	**5.6%**	$159,383	$214	$8,716	**5.5%**

* All revenue based on 2015 billing determinants

(1) Includes Purchase Adjustment Schedule 150; excludes all other rate adjustments.

(2) Includes Schedule 150 (Purchase Gas Cost Adjustment), Schedule 155 (Gas Rate Adjustment), Schedule 159 (Decoupling), Schedule 191 (DSM), and Schedule 192 (LIRAP).

AVISTA UTILITIES
WASHINGTON NATURAL GAS
PRESENT AND PROPOSED RATE COMPONENTS BY SCHEDULE

Type of Service (a)	Base Rate (b)	Sch. 150 PGA Rate Adj (c)	Base Rate Including Schedule 150 (d)	Present Billing Rate Adj. (e)	Present Billing Rate (1) (f)	General Rate Increase (g)	Sch. 192 LIRAP Increase (h)	Proposed Billing Rate(1) (i)	Proposed Base Rate Including Schedule 150 (j)	Proposed Base Rate excluding Schedule 150 (k)
General Service - Schedule 101										
Basic Charge			$8.00		$8.00	$1.00		$9.00	$9.00	$9.00
Usage Charge:										
First 70 Therms	0.28219	0.49803	$0.78022	$0.03803	$0.81825	$0.03901	$0.00133	$0.85859	$0.81923	$0.32120
All over 70 Therms	0.38327	0.49803	$0.88130	$0.03803	$0.91933	$0.04406	$0.00133	$0.96472	$0.92536	$0.42733
Large General Service - Schedule 111										
Usage Charge:										
First 200 therms	0.39131	0.49535	$0.88666	$0.03407	$0.92073	$0.04389	$0.00111	$0.96573	$0.93055	$0.43520
200 - 1,000 therms	0.26644	0.49535	$0.76179	$0.03407	$0.79586	$0.03735	$0.00111	$0.83432	$0.79914	$0.30379
All over 1,000 therms	0.19322	0.49535	$0.68857	$0.03407	$0.72264	$0.03376	$0.00111	$0.75751	$0.72233	$0.22698
Minimum Charge:										
per month			$161.21		$161.21	($74.17)		$87.04	$87.04	$87.04
per therm	-0.41474	0.49535	$0.08061	$0.03407	$0.11468	$0.41474		$0.52942	$0.49535	$0.00000
High Annual Load Factor Large General Service - Schedule 121										
Usage Charge:										
First 500 therms	0.40597	0.47449	$0.88046	$0.04203	$0.92249	$0.02451	$0.00102	$0.94802	$0.90497	$0.43048
500 - 1,000 therms	0.28246	0.47449	$0.75695	$0.04203	$0.79898	$0.03980	$0.00102	$0.83980	$0.79675	$0.32226
1,000 - 10,000 therms	0.20758	0.47449	$0.68207	$0.04203	$0.72410	$0.03586	$0.00102	$0.76098	$0.71793	$0.24344
10,000 - 25,000 therms	0.16056	0.47449	$0.63505	$0.04203	$0.67708	$0.03339	$0.00102	$0.71149	$0.66844	$0.19395
All over 25,000 therms	0.12272	0.47449	$0.59721	$0.04203	$0.63924		$0.00102	$0.64026	$0.59721	$0.12272
Minimum Charge:										
per month			$409.92		$409.92	($194.68)		$215.24	$215.24	$215.24
per therm	-0.41387	0.47449	$0.06062	$0.04203	$0.10265	$0.41387	$0.00102	$0.51754	$0.47449	$0.00000
Annual Minimum per therm			Present:	$0.30041				Proposed:	$0.33816	$0.33816
Interruptible Service - Schedule 132										
Usage Charge:										
First 10,000 therms	0.18974	0.44955	$0.63929	$0.02359	$0.66288	$0.03580	$0.00098	$0.69966	$0.67509	$0.22554
10,000 - 25,000 therms	0.1447	0.44955	$0.59425	$0.02359	$0.61784	$0.03328	$0.00098	$0.65210	$0.62753	$0.17798
25,000 - 50,000 therms	0.13365	0.44955	$0.58320	$0.02359	$0.60679	$0.03266	$0.00098	$0.64043	$0.61586	$0.16631
All over 50,000 therms	0.12999	0.44955	$0.57954	$0.02359	$0.60313	$0.03245	$0.00098	$0.63656	$0.61199	$0.16244
Annual Minimum per therm			Present:	$0.21578				Proposed:	$0.24776	$0.24776
Transportation Service - Schedule 146										
Basic Charge			$400.00		$400.00	$100.00		$500.00	$500.00	$500.00
Usage Charge:										
First 20,000 therms	0.08233	0.00056	$0.08289	$0.00004	$0.08293	$0.00482		$0.08775	$0.08771	$0.08715
20,000 - 50,000 therms	0.07324	0.00056	$0.07380	$0.00004	$0.07384	$0.00429		$0.07813	$0.07809	$0.07753
50,000 - 300,000 therms	0.06603	0.00056	$0.06659	$0.00004	$0.06663	$0.00387		$0.07050	$0.07046	$0.06990
300,000 - 500,000 therms	0.06106	0.00056	$0.06162	$0.00004	$0.06166	$0.00358		$0.06524	$0.06520	$0.06464
All over 500,000 therms	0.04586	0.00056	$0.04642	$0.00004	$0.04646	$0.00270		$0.04916	$0.04912	$0.04856
Annual Minimum per therm			Present:	$0.07380				Proposed:	$0.07809	$0.07809

(1) Includes Schedule 150 (Purchase Gas Cost Adjustment), Schedule 155 (Gas Rate Adjustment), Schedule 191 (DSM Adjustment), and Schedule 192 (LIRAP Adjustment).

Avista Natural Gas
LIRAP Rate Calculation
UG-140189

		Billing Determinants	Present LIRAP Revenue	11.6% LIRAP Increase	Settlement LIRAP Revenue	Settlement Sch 192 Therm Rate
General Service	101	117,011,207	$ 1,339,778	$ 155,414	$ 1,495,193	$ 0.01278
Large General Service	111/112	46,256,893	$ 444,066	$ 51,512	$ 495,578	$ 0.01071
Large General Svc.-High Annual Load Factor	121/122	5,940,558	$ 52,039	$ 6,037	$ 58,076	$ 0.00978
Interruptible Service	131/132	1,288,220	$ 10,847	$ 1,258	$ 12,105	$ 0.00940
Transportation Service	146	31,023,878	$ -	$ -	$ -	$ -
Special Contracts	148	46,142,216	$ -	$ -	$ -	$ -
Total		247,662,972	$ 1,846,731	$ 214,221	$ 2,060,951	

SECOND REVISED APPENDIX 3

Updated November 2014

Avista Corp
Pro forma January 2015 - December 2015
ERM Authorized Expense and Retail Sales
Adjusted to Reflect 2015 System Loads (1)

Reflects November Power Supply update.

ERM Authorized Power Supply Expense - System Numbers (2)

	Total	January	February	March	April	May	June	July	August	September	October	November	December
Account 555 - Purchased Power	$129,676,714	$14,241,308	$12,816,216	$12,684,102	$10,157,992	$8,801,839	$8,966,511	$9,032,312	$10,449,135	$8,227,612	$8,950,494	$12,731,418	$12,617,776
Account 501 - Thermal Fuel	$28,629,127	$2,663,532	$2,484,671	$2,578,707	$2,068,252	$1,665,745	$1,511,381	$2,254,578	$2,621,357	$2,672,936	$2,757,933	$2,649,850	$2,700,185
Account 547 - Natural Gas Fuel	$89,764,664	$10,133,311	$9,419,650	$9,305,476	$5,867,735	$3,112,735	$2,595,918	$5,623,100	$7,743,935	$8,219,145	$8,834,779	$9,035,104	$9,873,776
Account 447 - Sale for Resale	$75,430,452	$5,385,864	$7,026,454	$8,167,295	$8,655,099	$9,111,902	$8,389,009	$5,130,621	$3,284,320	$4,661,364	$4,875,558	$6,000,154	$4,742,812
Power Supply Expense (3)	$172,640,053	$21,652,287	$17,694,083	$16,400,990	$9,438,880	$4,468,417	$4,684,802	$11,779,369	$17,530,106	$14,458,328	$15,667,649	$18,416,218	$20,448,924
Transmission Expense	$16,817,737	$1,447,542	$1,429,504	$1,405,324	$1,394,208	$1,365,074	$1,353,383	$1,377,511	$1,429,273	$1,414,185	$1,374,889	$1,403,813	$1,423,031
Transmission Revenue	$16,015,349	$1,304,329	$1,105,921	$1,123,977	$1,154,782	$1,377,232	$1,552,357	$1,659,835	$1,502,892	$1,306,364	$1,460,291	$1,241,936	$1,225,427
Broker Fees	$1,076,000	$89,667	$89,667	$89,667	$89,667	$89,667	$89,667	$89,667	$89,667	$89,667	$89,667	$89,667	$89,667
Total (5)	$174,518,441	$21,885,166	$18,107,332	$16,772,004	$9,767,972	$4,545,924	$4,575,493	$11,586,711	$17,546,153	$14,655,815	$15,671,913	$18,667,761	$20,736,195

ERM Authorized Power Supply Expense - 100% Washington Allocation

	Total	January	February	March	April	May	June	July	August	September	October	November	December
Washington EIA REC Purchase	$725,000	$181,250			$181,250			$181,250			$181,250		

ERM Authorized Washington Retail Sales

	Total	January	February	March	April	May	June	July	August	September	October	November	December
2015 Total Retail Sales, MWh (4)	5,689,806	545,205	498,034	487,551	422,246	421,982	420,901	464,392	489,763	426,967	452,424	490,319	570,023
Retail Revenue Credit Rate	$20.12 /MWh												

(1) The November 2014 power supply update is based on 2015 system loads.
(2) Multiply system numbers by 65.19% to determine Washington share.
(3) Power Supply Expense has been adjusted to reflect 2015 system loads.
(4) Reflects 2015 billing determinants used to set rates.
(5) The November 2014 update of net power supply costs will be compared to the Total of $167,877,570 to determine the increase or decrease to the $7.0 million base revenue increase effective Janaury 1, 2015. The November 2014 updated net power supply costs have been reduced by $500,000 (System) Staff adjustment, and increased by the $725,000 (Washington share) REC expenses excluded from the REC rebate calculation.

	System	WA Share
Power Cost Total in Stipulation	$167,877,570	$109,439,388
Updated System Power Cost	$174,518,441	$113,768,572
Direct WA EIA REC Purchase		$725,000
Total Updated WA Power Cost		$114,493,572
Change in WA Power Cost		$5,054,184
FIT		$1,768,964
NOI Requirement		$3,285,220
Conversion Factor		0.62049
Power Supply Update Revenue Requirement		$\boxed{\$5,294,557}$

SECOND REVISED APPENDIX 4

Updated November 2014

Avista Utilities
Electric Decoupling Mechanism
Development of Decoupled Revenue by Rate Schedule - Electric

Updated to reflect November 2014 Power Supply update.

		TOTAL	RESIDENTIAL SCHEDULE 1	GENERAL SVC. SCH. 11,12	LG. GEN. SVC. SCH. 21,22	PUMPING SCH. 30, 31, 32	EX LG GEN SVC SCHEDULE 25	ST & AREA LTG SCH. 41-48
1	Total Normalized 2015 Revenue (Appendix 2)	$ 490,833,000	$ 214,476,000	$ 69,493,000	$ 127,831,000	$ 10,525,000	$ 61,637,000	$ 6,871,000
2	Settlement Revenue Increase (Appendix 2)	$ 12,295,000	$ 5,372,000	$ 1,738,000	$ 3,205,000	$ 264,000	$ 1,544,000	$ 172,000
3	Total Rate Revenue (January 1, 2015)	$ 503,128,000	$ 219,848,000	$ 71,231,000	$ 131,036,000	$ 10,789,000	$ 63,181,000	$ 7,043,000
4	Normalized kWhs (2015 Rate Year)	5,689,806,234	2,437,508,068	586,109,432	1,436,806,481	127,927,573	1,076,126,636	25,328,044
5	Retail Revenue Credit (line 14)	$ 0.02108	$ 0.02108	$ 0.02108	$ 0.02108	$ 0.02108	$ 0.02108	$ 0.02108
6	Variable Power Supply Revenue (L4 * L5)	$ 119,941,115	$ 51,382,670	$ 12,355,187	$ 30,287,881	$ 2,696,713	$ 22,684,749	$ 533,915
7	Delivery & Power Plant Revenue (L3 - L6)	$ 336,181,549	$ 168,465,330	$ 58,875,813	$ 100,748,119	$ 8,092,287		
8	Customer Bills (2015 Rate Year)	2,917,521	2,494,197	369,788	24,074	29,462		
9	Proposed Basic Charges		$ 8.50	$ 18.00	$ 500.00	$ 18.00		
10	Basic Charge Revenue (Ln 8 * Ln 9)	$ 40,424,175	$ 21,200,675	$ 6,656,184	$ 12,037,000	$ 530,316		
11	Decoupled Revenue	$ 295,757,375	$ 147,264,655	$ 52,219,629	$ 88,711,119	$ 7,561,971	Excluded From Decoupling	
12	Retail Revenue Credit - (Appendix 3)	$0.02012						
13	Gross Up Factor for Revenue Related Exp	104.76%						
14	Grossed Up Retail Revenue Credit	$0.02108						

		Residential	Non-Residential Group
15	Average Number of Customers (Line 8 / 12)	207,850	35,277
16	Annual kWh	2,437,508,068	2,150,843,486
17	Basic Charge Revenues	21,200,675	19,223,500
18	Customer Bills	2,494,197	423,324
19	Average Basic Charge	$8.50	$45.41

Updated to reflect November 2014 Power Supply update.

Avista Utilities
Electric Decoupling Mechanism
Development of Annual Decoupled Revenue Per Customer - Electric

Line No.		Source	Residential	Non-Residential Schedules*
	(a)	(b)	(c)	(d)
1	Decoupled Revenues	Appendix 4, Page 1	$ 147,264,655	$ 148,492,719
2	Rate Year # of Customers 2015	Revenue Data	207,850	35,277
3	Decoupled Revenue per Customer	(1) / (2)	$ 708.51	$ 4,209.34

* Schedules 11, 12, 21, 22, 31, 32.

Updated to reflect November 2014 Power Supply update.

Avista Utilities
Electric Decoupling Mechanism
Development of Monthly Decoupled Revenue Per Customer - Electric

Line No.		Source	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1	**Electric Sales**														
2	*Residential*														
3	- Weather-Normalized kWh Sales	Monthly Rate Year	271,130,047	240,621,765	221,370,825	175,525,307	161,914,993	154,545,588	176,072,045	186,627,300	157,769,890	180,730,371	225,437,958	285,761,978	2,437,508,067
4	- % of Annual Total	% of Total	11.12%	9.87%	9.08%	7.20%	6.64%	6.34%	7.22%	7.66%	6.47%	7.41%	9.25%	11.72%	100.00%
5	*Non-Residential**														
6	- Weather-Normalized kWh Sales	Monthly Rate Year	181,922,081	170,861,843	173,030,139	157,004,730	167,947,307	175,614,812	195,632,184	207,327,409	177,370,453	177,453,044	174,351,964	192,327,521	2,150,843,487
7	- % of Annual Total	% of Total	8.46%	7.94%	8.04%	7.30%	7.81%	8.16%	9.10%	9.64%	8.25%	8.25%	8.11%	8.94%	100.00%
8	**Monthly Decoupled Revenue Per Customer ("RPC")**														
9	*Residential*														
10	- 2015 Decoupled RPC	Appendix 4, P. 2 L. 3													$ 708.51
11	- 2015 Monthly Decoupled RPC	(4) x (10)	$ 78.81	$ 69.94	$ 64.35	$ 51.02	$ 47.06	$ 44.92	$ 51.18	$ 54.25	$ 45.86	$ 52.53	$ 65.53	$ 83.06	$ 708.51
12	*Non-Residential**														
13	- 2015 Decoupled RPC	Appendix 4, P. 2 L. 3													$ 4,209.34
14	- 2015 Monthly Decoupled RPC	(7) x (13)	$ 356.03	$ 334.39	$ 338.63	$ 307.27	$ 328.68	$ 343.69	$ 382.86	$ 405.75	$ 347.13	$ 347.29	$ 341.22	$ 376.40	$ 4,209.34

* Schedules 11, 12, 21, 22, 31, 32.

APPENDIX 5

Avista Utilities
Natural Gas Decoupling Mechanism
Development of Decoupled Revenue by Rate Schedule - Natural Gas

	TOTAL	RESIDENTIAL SCHEDULE 101	GENERAL SVC. SCH. 111	LG. GEN. SVC. SCH. 121	INTERRUPTIBLE SCH 131	SCHEDULES 112, 122, 132	SCHEDULES 146 & 148
1 Total Normalized 2015 Revenue (Appendix 2)	$ 153,075,000	$ 110,008,000	$ 34,391,000	$ 3,645,000	$ -	$ 1,055,000	$ 3,976,000
2 Settlement Revenue Increase (Appendix 2)	$ 8,500,000	$ 6,581,000	$ 1,515,000	$ 168,000	$ -	$ 56,000	$ 180,000
3 Total Rate Revenue (January 1, 2015)	$ 161,575,000	$ 116,589,000	$ 35,906,000	$ 3,813,000	$ -	$ 1,111,000	$ 4,156,000
4 Normalized Therms (2015 Rate Year)	247,662,972	117,011,207	46,256,893	5,507,204	-	1,721,574	77,166,094
5 PGA Rates		$ 0.49803	$ 0.49535	$ 0.47449	$ 0.44955		
6 Variable Gas Supply Revenue	$ 83,801,557	$ 58,275,091	$ 22,913,352	$ 2,613,113	$ -		
7 Delivery Revenue (Ln 3 - Ln 6)	$ 72,506,443	$ 58,313,909	$ 12,992,648	$ 1,199,887	$ -		
8 Customer Bills (2015 Rate Year)	1,833,425	1,802,235	30,276	305	0	48	561
9 Settlement Basic Charges		$9.00	$87.04	$215.24	$0.00		
10 Basic Charge Revenue (Ln 8 * Ln 9)	$ 18,920,986	$ 16,220,115	$ 2,635,223	$ 65,648	$ -		
11 Decoupled Revenue	$ 53,585,457	$ 42,093,794	$ 10,357,425	$ 1,134,239	$ -	Excluded From Decoupling	

	Residential	Non-Residential Group
12 Average Number of Customers (Line 8 / 12)	150,186	2,548
13 Annual Therms	117,011,207	51,764,097
14 Basic Charge Revenues	$ 16,220,115	$ 2,700,871
15 Customer Bills	1,802,235	30,581
16 Average Basic Charge	$9.00	$88.32

Avista Utilities
Natural Gas Decoupling Mechanism
Development of Decoupled Revenue Per Customer - Natural Gas

Line No.		Source	Residential	Non-Residential Schedules*
	(a)	(b)	(c)	(d)
1	Decoupled Revenues	Appendix 5, Page 1	$ 42,093,794	$ 11,491,664
2	Rate Year # of Customers 2015	Revenue Data	150,186	2,548
3	Decoupled Revenue Per Customer	(1) / (2)	$ 280.28	$ 4,509.33

*Sales Schedules 111, 121, 131.

Avista Utilities
Natural Gas Decoupling Mechanism
'Development of Monthly Decoupled Revenue Per Customer - Natural Gas

Line No.		Source	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1															
2	**Natural Gas Delivery Volume**														
3	*Residential*														
4	- Weather-Normalized Therm Delivery Volume	Monthly Rate Year	20,096,515	16,729,826	14,285,474	9,202,394	5,127,082	3,376,941	2,456,171	2,227,453	2,907,962	6,931,034	13,836,643	19,833,713	117,011,207
5	- % of Annual Total	% of Total	17.17%	14.30%	12.21%	7.86%	4.38%	2.89%	2.10%	1.90%	2.49%	5.92%	11.83%	16.95%	100.00%
6															
7	*Non-Residential Sales**														
8	- Weather-Normalized Therm Delivery Volume	Monthly Rate Year	7,372,432	6,284,928	5,638,128	3,840,835	2,388,634	1,911,614	1,631,753	1,792,654	2,433,461	4,483,160	6,399,826	7,586,671	51,764,097
9	- % of Annual Total	% of Total	14.24%	12.14%	10.89%	7.42%	4.61%	3.69%	3.15%	3.46%	4.70%	8.66%	12.36%	14.66%	100.00%
10															
11	**Monthly Decoupled Revenue Per Customer ("RPC")**														
12	*Residential*														
13	- 2015 Decoupled RPC	Appendix 5, P. 2 L. 3													$ 280.28
14	- 2015 Monthly Decoupled RPC	(5) x (13)	$ 48.14	$ 40.07	$ 34.22	$ 22.04	$ 12.28	$ 8.09	$ 5.88	$ 5.34	$ 6.97	$ 16.60	$ 33.14	$ 47.51	$ 280.28
15															
16	*Non-Residential Sales**														
17	- 2015 Decoupled RPC	Appendix 5, P. 2 L. 3													$ 4,509.33
18	- 2015 Monthly Decoupled RPC	(9) x (17)	$ 642.24	$ 547.50	$ 491.15	$ 334.59	$ 208.08	$ 166.53	$ 142.15	$ 156.16	$ 211.99	$ 390.54	$ 557.51	$ 660.90	$ 4,509.33
19															
20	*Sales Schedules 111, 121, 131.														

AVISTA

Request for Proposals

RFP No. R -41321

Attachment B - UE-150204 and UG-150205 Compliance Filing
Attachment 4

ATTACHMENT 4

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-150204

DOCKET NO. UG-150205

(consolidated)

AVISTA CORPORATION

COMPLIANCE FILING

ELECTRIC DECOUPLING BASELINE CALCULATIONS

Avista Utilities
Electric Decoupling Mechanism
Development of Decoupled Revenue by Rate Schedule - Electric

		TOTAL	RESIDENTIAL SCHEDULE 1	GENERAL SVC. SCH. 11,12	LG. GEN. SVC. SCH. 21,22	PUMPING SCH. 30, 31, 32	EX LG GEN SVC SCHEDULE 25	ST & AREA LTG SCH. 41-48
1	Total Normalized 12 ME Sept 2014 Revenue	$ 499,982,000	$ 214,841,000	$ 71,304,000	$ 130,152,000	$ 11,471,000	$ 65,194,000	$ 7,020,000
2	Allowed Revenue Increase (Attachment 1)	$ (8,110,000)	$ (3,478,000)	$ (1,159,000)	$ (2,118,000)	$ (187,000)	$ (1,056,000)	$ (112,000)
3	Total Rate Revenue (January 11, 2016)	$ 491,872,000	$ 211,363,000	$ 70,145,000	$ 128,034,000	$ 11,284,000	$ 64,138,000	$ 6,908,000
4	Normalized kWhs (12ME Sept 2014 Test Year)	5,653,834,483	2,378,478,031	588,401,236	1,419,228,271	137,227,044	1,105,372,136	25,127,765
5	Retail Revenue Adjustment (line 14)	$ 0.01641	$ 0.01641	$ 0.01641	$ 0.01641	$ 0.01641	$ 0.01641	$ 0.01641
6	Variable Power Supply Revenue (L4 * L5)	$ 92,779,424	$ 39,030,824	$ 9,655,664	$ 23,289,536	$ 2,251,896	$ 18,139,157	$ 412,347
7	Delivery & Power Plant Revenue (L3 - L6)	$ 346,598,080	$ 172,332,176	$ 60,489,336	$ 104,744,464	$ 9,032,104		
8	Customer Bills (12ME Sept 2014 Test Year)	2,879,945	2,462,067	364,552	24,110	29,216		
9	Allowed Basic Charges		$ 8.50	$ 18.00	$ 500.00	$ 18.00		
10	Basic Charge Revenue (Ln 8 * Ln 9)	$ 40,070,394	$ 20,927,570	$ 6,561,936	$ 12,055,000	$ 525,888		
11	Decoupled Revenue	$ 306,527,686	$ 151,404,606	$ 53,927,400	$ 92,689,464	$ 8,506,216	Excluded From Decoupling	
12	Retail Revenue Adjustment - (Attachment 3)	$0.01566						
13	Gross Up Factor for Revenue Related Exp	104.81%						
14	Grossed Up Retail Revenue Adjustment	$0.01641						

		Residential	Non-Residential Group
15	Average Number of Customers (Line 8 / 12)	205,172	34,823
16	Annual kWh	2,378,478,031	2,144,856,551
17	Basic Charge Revenues	20,927,570	19,142,824
18	Customer Bills	2,462,067	417,878
19	Average Basic Charge	$8.50	$45.81

Avista Utilities
Electric Decoupling Mechanism
Development of Annual Decoupled Revenue Per Customer - Electric

Line No.		Source	Residential	Non-Residential Schedules*
	(a)	(b)	(c)	(d)
1	Decoupled Revenues	Attachment 4, Page 1	$ 151,404,606	$ 155,123,080
2	Test Year # of Customers 12 ME 09.2014	Revenue Data	205,172	34,823
3	Decoupled Revenue per Customer	(1) / (2)	$ 737.94	$ 4,454.59

* Schedules 11, 12, 21, 22, 31, 32.

Avista Utilities
Electric Decoupling Mechanism
Development of Monthly Decoupled Revenue Per Customer - Electric

Line No.		Source	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1	**Electric Sales**														
2	*Residential*														
3	- Weather-Normalized kWh Sales	Monthly Rate Year	284,675,925	232,597,855	228,752,581	172,322,869	166,632,549	148,170,954	153,360,033	181,322,317	146,560,541	174,054,557	212,665,464	277,362,386	2,378,478,031
4	- % of Annual Total	% of Total	11.97%	9.78%	9.62%	7.25%	7.01%	6.23%	6.45%	7.62%	6.16%	7.32%	8.94%	11.66%	100.00%
5	*Non-Residential**														
6	- Weather-Normalized kWh Sales	Monthly Rate Year	174,546,983	177,500,854	166,289,029	165,417,455	178,108,889	185,503,197	200,737,081	187,588,012	179,420,897	183,203,251	168,530,619	178,010,284	2,144,856,551
7	- % of Annual Total	% of Total	8.14%	8.28%	7.75%	7.71%	8.30%	8.65%	9.36%	8.75%	8.37%	8.54%	7.86%	8.30%	100.00%
8	**Monthly Decoupled Revenue Per Customer ("RPC")**														
9	*Residential*														
10	-UE-150204 Decoupled RPC	Attachment 4, P. 2 L. 3													$ 737.94
11	- Monthly Decoupled RPC	(4) x (10)	$ 88.32	$ 72.17	$ 70.97	$ 53.46	$ 51.70	$ 45.97	$ 47.58	$ 56.26	$ 45.47	$ 54.00	$ 65.98	$ 86.05	$ 737.94
12	*Non-Residential**														
13	-UE-150204 Decoupled RPC	Attachment 4, P. 2 L. 3													$ 4,454.59
14	- Monthly Decoupled RPC	(7) x (13)	$ 362.51	$ 368.65	$ 345.36	$ 343.55	$ 369.91	$ 385.27	$ 416.90	$ 389.60	$ 372.63	$ 380.49	$ 350.02	$ 369.70	$ 4,454.59

* Schedules 11, 12, 21, 22, 31, 32.

AVISTA

Request for Proposals

RFP No. R -41321

Attachment C - UE-150204 and UG-150205 Compliance Filing
Attachment 5

ATTACHMENT 5

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-150204

DOCKET NO. UG-150205

(consolidated)

AVISTA CORPORATION

COMPLIANCE FILING

NATURAL GAS DECOUPLING BASELINE CALCULATIONS

Avista Utilities
Natural Gas Decoupling Mechanism
Development of Decoupled Revenue by Rate Schedule - Natural Gas

	TOTAL	RESIDENTIAL SCHEDULE 101	GENERAL SVC. SCH. 111	LG. GEN. SVC. SCH. 121	INTERRUPTIBLE SCH 131	SCHEDULES 112, 122, 132	SCHEDULES 146 & 148
1 Total Normalized 12 ME Sept 2014 Revenue	$ 146,557,000	$ 106,954,000	$ 31,478,000	$ 2,973,000	$ -	$ 968,000	$ 4,184,000
2 Allowed Revenue Increase (Attachment 2)	$ 10,824,000	$ 8,398,000	$ 1,867,000	$ 161,000	$ -	$ 40,000	$ 358,000
3 Total Rate Revenue (January 11, 2016)	$ 157,381,000	$ 115,352,000	$ 33,345,000	$ 3,134,000	$ -	$ 1,008,000	$ 4,542,000
4 Normalized Therms (12ME Sept 2014 Test Year)	255,186,931	120,721,607	47,537,282	5,069,530	-	1,781,211	80,077,301
5 11/1/2015 Schedule 150 PGA Rates		$ 0.38907	$ 0.38166	$ 0.37077	$ 0.33645		
6 Variable Gas Supply Revenue	$ 66,991,864	$ 46,969,156	$ 18,143,079	$ 1,879,630	$ -		
7 Delivery Revenue (Ln 3 - Ln 6)	$ 84,839,136	$ 68,382,844	$ 15,201,921	$ 1,254,370	$ -		
8 Customer Bills (12ME Sept 2014 Test Year)	1,819,516	1,787,943	30,697	312	0	48	516
9 Allowed Basic Charges		$9.00	$101.44	$252.28	$0.00		
10 Basic Charge Revenue (Ln 8 * Ln 9)	$ 19,284,102	$ 16,091,487	$ 3,113,904	$ 78,711	$ -		
11 Decoupled Revenue	$ 65,555,034	$ 52,291,357	$ 12,088,017	$ 1,175,659	$ -	Excluded From Decoupling	

	Residential	Non-Residential Group
12 Average Number of Customers (Line 8 / 12)	148,995	2,584
13 Annual Therms	120,721,607	52,606,812
14 Basic Charge Revenues	$ 16,091,487	$ 3,192,615
15 Customer Bills	1,787,943	31,009
16 Average Basic Charge	$9.00	$102.96

Avista Utilities
Natural Gas Decoupling Mechanism
Development of Decoupled Revenue Per Customer - Natural Gas

Line No.		Source	Residential	Non-Residential Schedules*
	(a)	(b)	(c)	(d)
1	Decoupled Revenues	Attachment 5, Page 1	$ 52,291,357	$ 13,263,676
2	Test Year # of Customers 12 ME 09.2014	Revenue Data	148,995	2,584
3	Decoupled Revenue Per Customer	(1) / (2)	$ 350.96	$ 5,132.84

*Sales Schedules 111, 121, 131.

Avista Utilities
Natural Gas Decoupling Mechanism
'Development of Monthly Decoupled Revenue Per Customer - Natural Gas

Line No.		Source	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1															
2	**Natural Gas Delivery Volume**														
3	*Residential*														
4	- Weather-Normalized Therm Delivery Volume	Monthly Rate Year	21,149,989	17,496,849	14,113,448	7,866,788	4,895,089	2,998,022	2,095,088	2,047,777	2,727,612	8,666,827	14,928,966	21,735,152	120,721,607
5	- % of Annual Total	% of Total	17.52%	14.49%	11.69%	6.52%	4.05%	2.48%	1.74%	1.70%	2.26%	7.18%	12.37%	18.00%	100.00%
6															
7	*Non-Residential Sales**														
8	- Weather-Normalized Therm Delivery Volume	Monthly Rate Year	7,724,199	6,497,617	5,741,989	3,833,669	3,002,355	2,283,253	1,727,751	1,696,708	2,070,681	4,248,069	5,991,318	7,789,203	52,606,812
9	- % of Annual Total	% of Total	14.68%	12.35%	10.91%	7.29%	5.71%	4.34%	3.28%	3.23%	3.94%	8.08%	11.39%	14.81%	100.00%
10															
11	**Monthly Decoupled Revenue Per Customer ("RPC")**														
12	*Residential*														
13	-UG-150205 Decoupled RPC	Attachment 5, P. 2 L. 3													$ 350.96
14	-Monthly Decoupled RPC	(5) x (13)	$ 61.49	$ 50.87	$ 41.03	$ 22.87	$ 14.23	$ 8.72	$ 6.09	$ 5.95	$ 7.93	$ 25.20	$ 43.40	$ 63.19	$ 350.96
15															
16	*Non-Residential Sales**														
17	-UG-150205 Decoupled RPC	Attachment 5, P. 2 L. 3													$ 5,132.84
18	-Monthly Decoupled RPC	(9) x (17)	$ 753.65	$ 633.97	$ 560.25	$ 374.05	$ 292.94	$ 222.78	$ 168.58	$ 165.55	$ 202.04	$ 414.48	$ 584.57	$ 759.99	$ 5,132.84
19															
20	*Sales Schedules 111, 121, 131.														

AVISTA

Request for Proposals

RFP No. R -41321

Attachment D - Avista’s Electric and Natural Gas Quarterly Reports

Electronic Only

AVISTA

Request for Proposals

RFP No. R -41321

Attachment E - Avista's 2016 Electric Decoupling Rate Adjustment.

Avista Corp.
1411 East Mission P.O. Box 3727
Spokane. Washington 99220-3727
Telephone 509-489-0500
Toll Free 800-727-9170

August 31, 2016

Mr. Steven King, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive, S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

Re: Tariff WN U-28, Electric Service
Electric Decoupling Rate Adjustment

Dear Mr. King:

Attached for electronic filing with the Commission are the following tariff sheets proposed to be effective November 1, 2016:

First Revision Sheet 75	Canceling	**Original Sheet 75**
First Revision Sheet 75E	Canceling	**Original Sheet 75E**

This filing is the "Electric Decoupling Rate Adjustment", filed in compliance with the Commission's Order No. 05 in Docket No. UE-140188. In that order the Commission approved an electric decoupling mechanism for Avista for a five-year period, with this filing reflecting the deferral balance for the first year (calendar year 2015) to be amortized over the period November 1, 2016 – October 31, 2017.

The purpose of the electric decoupling mechanism is to decouple the Company's Commission-authorized revenues from kilowatt-hour ("kWh") sales, such that the Company's revenues will be recognized based on the number of customers served under the applicable electric service schedules. The decoupling mechanism allows the Company to: 1) defer the difference between actual decoupling-related revenue received from customers through volumetric rates, and the decoupling-related revenue approved for recovery in the Company's last general rate case; and 2) file a tariff to surcharge or rebate, by rate group, the total deferred amount accumulated in the deferred revenue accounts for the prior January through December time period.

The proposed tariff reflects a surcharge of 0.263 cents per kWh for the residential customer group served under Schedules 1 and 2, and a rebate of 0.144 cents per kWh for the non-residential customer group served under Schedules 11, 12, 21, 22, 31, and 32. The

Residential group surcharge represents a 3.0% increase to Schedule 1 customers, and the Non-Residential group rebate represents a 1.4% decrease. The Company has requested a November 1, 2016 effective date.

Residential Group Rate Determination

The Company recorded $7,167,748 in the surcharge direction in deferred revenue for the electric residential customer group in 2015. Both the earnings test and the 3% incremental surcharge limitation, both of which are discussed later in this letter, affect the requested surcharge rate for this recovery period. The proposed rate of 0.263 cents per kWh is designed to recover $6,485,021 from the Company's residential electric customers served under rate Schedules 1 and 2. The following table summarizes the components of the Company's request for recovery:

2015 Deferred Revenue	$7,167,748
Less: Earnings Sharing	($445,679)
Add: Interest through 10/31/2017	$320,298
Add: Revenue Related Expense Adj.	$295,894
Total Requested Recovery	$7,338,261
Customer Surcharge Revenue	$6,485,021
Carryover Deferred Revenue	$853,240

Attachment A, page 1 shows the derivation of the proposed surcharge rate to recover the 2015 deferred revenue plus interest and revenue-related expenses, based on projected sales volumes for Schedules 1 and 2 customers during the surcharge/amortization period (November 2016 through October 2017). As identified in Tariff Schedule 75 under Step 7 of "Calculation of Monthly Deferral", interest on the deferred balance accrues at the quarterly rate published by the FERC.[1] If the proposed surcharge is approved by the Commission, the 2015 deferral balance, less earnings sharing, plus interest through October, will be transferred into a regulatory asset balancing account. The balance in the account will be reduced each month by the revenue collected under the tariff.

Non-Residential Group Rate Determination

The Company recorded $2,373,472 in the rebate direction in deferred revenue for the electric non-residential rate group in 2015. The earnings test, discussed later, increased the rebate balance as well as associated interest and revenue-related expenses. The proposed rebate rate of 0.144 cents per kWh is designed to refund $3,102,796 to commercial and industrial customers served under rate Schedules 11, 12, 21, 22, 31, and 32. The following table summarizes the components of the Company's request for refund:

[1] The FERC effective interest rate was 3.25% throughout 2015 and Q1 2016. The FERC effective interest rate became 3.46% in Q2 2016, and currently the Q3 FERC effective interest rate is 3.50%. The current rate of 3.5% has been used going forward as an estimate for purposes of this rate determination.

2015 Deferred Revenue	($2,373,472)
Plus: Earnings Sharing	($453,222)
Add: Interest through 10/31/2017	($133,293)
Add: Revenue Related Expense Adj.	($142,809)
Total Requested Refund	($3,102,796)
Customer Rebate Revenue	($3,102,796)
Carryover Deferred Revenue	$0

Attachment A, page 3 shows the derivation of the proposed rebate rate to refund the 2015 deferred revenue, plus interest and revenue-related expenses, based on projected sales volumes for Schedules 11, 12, 21, 22, 31, and 32 during the rebate/amortization period (November 2016 through October 2017). As identified in Tariff Schedule 75 under Step 7 of "Calculation of Monthly Deferral", interest on the deferred balance accrues at the quarterly rate published by the FERC. If the proposed rebate is approved by the Commission, the 2015 deferral balance, plus earnings sharing, plus interest through October, will be transferred into a regulatory liability balancing account. The balance in the account will be reduced each month by the revenue refunded under the tariff.

Support showing the monthly calculation of the 2015 deferred revenue balances for both the residential and non-residential customer groups is provided as Attachment B. These calculations were also provided to the Commission in quarterly reports (see Docket No. UE-140188).

Earnings Test

The decoupling mechanism is subject to an annual earnings test based on the Company's year-end Commission Basis Reports that reflect actual decoupling-related revenues, normalized power supply costs and other normalizing adjustments. If the earnings test rate of return exceeds the allowed rate of return approved by the Commission, one-half of the revenue in excess of the rate of return will be shared with customers through the decoupling rate adjustment.

The 2015 Washington Electric Earnings Test sharing calculations are shown on page 5 of Attachment A.[2] The Earnings Test showed that the Company earned a 7.40% rate of return on a normalized basis in 2015 which exceeds the 7.32% allowed return established by Order 05 of Docket No. UE-140188 that established the decoupled rates in effect throughout 2015. As shown on page 5 of Attachment A, the excess earnings resulted in earnings sharing of $898,901. The earnings sharing was then assigned to the decoupling rate groups based on their respective revenue from 2015 normalized loads and customers at present billing rates (see lines 11 through 16 on page 5 of Attachment A).

[2] The complete decoupling earnings test model is included as part of the electronic work papers to this filing.

3% Annual Rate Increase Test

Decoupling annual rate adjustment surcharges are subject to a 3% annual rate increase limitation. There is no limit to rebate rate adjustments. As described in Tariff Schedule 75 the 3% annual rate increase limitation "will be determined by dividing the incremental annual revenue to be collected (proposed surcharge revenue less present surcharge revenue) under this Schedule by the total "normalized" revenue for the two Rate Groups for the most recent January through December time period. Normalized revenue is determined by multiplying the weather-corrected usage for the period by the present rates in effect. If the incremental amount of the proposed surcharge exceeds 3%, only a 3% incremental rate increase will be proposed and any remaining deferred revenue will be carried over to the following year".

Revenue from 2015 normalized loads and customers calculated at the billing rates in effect August 1, 2016 for the two rate groups are shown on page 5 of Attachment A on lines 11 and 12. The rate necessary to recover the residential group surcharge balance, including estimated interest and revenue related expenses as determined on page 1 of Attachment A (see line 20 - Preliminary Proposed Decoupling Rate), would recover $7,348,047 from customers (based on projected sales volumes for Schedules 1 and 2 customers during the surcharge/amortization period). That amount is 3.4% of the normalized residential revenue (Attachment A, page 5, line 11). The 3% rate increase limitation results in the proposed residential surcharge rate of 0.263 cents per kWh. The remaining deferral balance of $853,240 will be carried over to the 2017 rate adjustment calculation. The non-residential group rebate was not subject to any limitation in this filing.

Since there is no restriction on the amount of rebate refunded to customers in one year, it is important to clarify the language in tariff sheet 75E for application of the 3% test in the recovery period following a rebate.[3] The final sentence under the 3% Annual Rate Increase Limitation section has been revised to read as follows:

> *There is no limit to the level of the decoupling rebate, and the reversal of any rebate rate would not be included in the 3% incremental surcharge test.*

In conclusion, Avista requests the Commission approve the proposed changes in rates in Schedule 75, plus the addition of clarifying language in Sheet 75E regarding the impact of the expiration of rebates on the 3% test. The estimated annual revenue change associated with this filing is approximately an increase of $3.4 million. The proposed rate increase will have an average monthly bill impact to residential electric customers using 957 kWh of $2.52, or 3.0%.

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[3] Without this clarification, the Company could be required to continue a rebate when the deferral balance is zero or in a surcharge position. For example, if the Company had a 5% rebate in one year and the following year had no deferral balance, a 3% rate increase over the 5% rebate would still require a 2% rebate even though there would not be a rebate balance in the deferral account.

The Company has provided in this filing a copy of its customer notice which will be included as a bill insert in the September – October time frame (currently estimated to be inserted from September 2 – October 1). Please direct any questions on this matter to Tara Knox, Senior Regulatory Analyst at (509) 495-4325 or myself at (509) 495-8620.

Sincerely,

Patrick Ehrbar
Senior Manager, Rates and Tariffs

Enclosures

SCHEDULE 75

DECOUPLING MECHANISM – ELECTRIC

PURPOSE:

This Schedule establishes balancing accounts and implements an annual rate adjustment mechanism that decouples or separates the recovery of the Company's Commission authorized revenues from kilowatt-hour sales to customers served under the applicable electric service schedules.

APPLICABLE:

To Customers in the State of Washington where the Company has electric service available. This schedule shall be applicable to all retail customers taking service under Schedules 1, 2,11, 12, 21, 22, 31, and 32. This Schedule does not apply to Extra Large General Service Schedule 25 or to Street and Area Light Schedules 41 through 48. Applicable Customers will be segregated into two (2) distinct Rate Groups: (T)

Group 1 – Schedules 1, 2 (T)
Group 2 – Schedules 11, 12, 21, 22, 31, 32

MONTHLY RATE:

Group 1 – $0.00263 per kWh (I)
Group 2 – ($0.00144) per kWh (R)

Issued August 31, 2016 Effective November 1, 2016

Issued by Avista Corporation
By Kelly Norwood Kelly Norwood, Vice President, State & Federal Regulation

SCHEDULE 75E

DECOUPLING MECHANISM – ELECTRIC (continued)

3% ANNUAL RATE INCREASE LIMITATION:

Following the application of the Earnings Test described above, the amount of the incremental proposed rate adjustment under this Schedule cannot reflect more than a 3% rate increase. This will be determined by dividing the incremental annual revenue to be collected (proposed surcharge revenue less present surcharge revenue) under this Schedule by the total "normalized" revenue for the two Rate Groups for the most recent January through December time period. Normalized revenue is determined by multiplying the weather-corrected usage for the period by the present rates in effect. If the incremental amount of the proposed surcharge exceeds 3%, only a 3% incremental rate increase will be proposed and any remaining deferred revenue will be carried over to the following year. There is no limit to the level of the decoupling rebate, (T)
and the reversal of any rebate rate would not be included in the 3% incremental (T)
surcharge test. (T)

OTHER CONDITIONS:

The Decoupling Mechanism will last for a five-year period, starting on January 1, 2015 and ending December 31, 2019.

A third-party evaluation of the electric mechanism will be completed following the end of the third full-year, and will be paid for by Avista.

ATTACHMENT A

Schedule 75

Annual Electric Decoupling Rate Adjustment

Rate Calculation for November 1, 2016 – October 31, 2017

Avista Utilities

Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates

Effective November 1, 2016 - October 31, 2017

Line No.	Date	Residential Electric Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.00280	3.50%	
2	Oct-16	$6,915,721		
3	Nov-16	$6,284,957	$19,251	225,272,780
4	Dec-16	$5,493,188	$17,176	282,774,484
5	Jan-17	$4,712,934	$14,884	278,662,197
6	Feb-17	$4,077,537	$12,819	226,927,615
7	Mar-17	$3,442,197	$10,966	226,907,050
8	Apr-17	$2,929,850	$9,293	182,981,220
9	May-17	$2,463,312	$7,865	166,620,509
10	Jun-17	$2,014,951	$6,531	160,129,002
11	Jul-17	$1,480,368	$5,097	190,922,680
12	Aug-17	$957,016	$3,555	186,911,412
13	Sep-17	$522,522	$2,158	155,176,323
14	Oct-17	$11,516	$779	182,502,193
15	Annual Total		$110,374	2,465,787,464
16	Incremental Rate to Recover Estimated Interest		$0.00004	
17	Estimated Rate to Recover Deferral Balance		$0.00280	
18	Rate before Gross-up for Revenue-related items		$0.00284	
19	Times: Gross-up for Revenue-related items (3)		1.049551	
20	Preliminary Proposed Decoupling Rate		$0.00298	
21	3% Test Rate Adjustment (4)		($0.00035)	
22	Final Proposed Decoupling Rate		$0.00263	Surcharge Rate
23	Adjusted for Revenue Related Expenses		$0.00251	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		$853,240	

Notes

(1) Deferral balance at the end of the month, Rate of $0.00280 to recover the October 2016 balance of $6,915,721 over 12 months. See page 2 of Attachment A for October 2016 balance calculation.

(2) Interest computed on average balance between beginning and end of month at the present FERC rate. The FERC interest rate is updated quarterly. http://www.ferc.gov/enforcement/acct-matts/interest-rates.asp

(3) 2015 Commission Basis conversion factor, see page 7 of Attachment A.

(4) See pages 5 and 6 of Attachment A for earnings test and 3% test adjustment calculations.

(5) See page 2 of Attachment A for estimated carryover balance calculations.

Avista Utilities
Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates
Effective November 1, 2016 - October 31, 2017

Residential Electric
Calculate Estimated Monthly Balances through October 2017

Line No.		Ending Balance	Interest 3.25% Q1 2016 3.46% Q2 2016 3.50% Q3 2016	Amortization
1	Dec-15	$7,167,748		
2	Earnings Sharing Adjustment	($445,679)		
3	Adjusted December Balance	$6,722,069		
4	Jan-16	$6,740,274	$18,206	
5	Feb-16	$6,758,529	$18,255	
6	Mar-16	$6,776,833	$18,304	
7	Apr-16	$6,796,373	$19,540	
8	May-16	$6,815,969	$19,596	
9	Jun-16	$6,835,622	$19,653	
10	Jul-16	$6,855,559	$19,937	
11	Aug-16	$6,875,555	$19,995	
12	Sep-16	$6,895,609	$20,054	
13	**Oct-16**	**$6,915,721**	$20,112	
14	Nov-16	$6,369,632	$19,346	$565,435
15	Dec-16	$5,677,411	$17,543	$709,764
16	Jan-17	$4,993,508	$15,539	$699,442
17	Feb-17	$4,437,654	$13,734	$569,588
18	Mar-17	$3,880,230	$12,113	$569,537
19	Apr-17	$3,431,594	$10,648	$459,283
20	May-17	$3,022,776	$9,399	$418,217
21	Jun-17	$2,629,082	$8,230	$401,924
22	Jul-17	$2,156,836	$6,969	$479,216
23	Aug-17	$1,693,295	$5,607	$469,148
24	Sep-17	$1,308,173	$4,371	$389,493
25	**Oct-17**	**$853,240**	$3,147	$458,081
26	Total		$320,298	$6,189,127

	Summary	
27	2015 Deferred Revenue	$7,167,748
28	Less Earnings Sharing	($445,679)
29	Add Interest through 10/31/2017	$320,298
30	Add Revenue Related Expense Adj	$295,894
31	Total Requested Recovery	$7,338,261
32	Customer Surcharge Revenue	$6,485,021
33	Carryover Deferred Revenue	$853,240

Avista Utilities
Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates
Effective November 1, 2016 - October 31, 2017

Line No.	Date	Non-Residential Electric Unamortized Balance (1)	Interest (2)	Forecast Usage
1		-0.00135	3.50%	
2	Oct-16	($2,908,126)		
3	Nov-16	($2,673,793)	($8,140)	173,580,210
4	Dec-16	($2,418,990)	($7,427)	188,742,856
5	Jan-17	($2,167,035)	($6,688)	186,633,257
6	Feb-17	($1,949,764)	($6,004)	160,941,988
7	Mar-17	($1,716,357)	($5,346)	172,893,927
8	Apr-17	($1,501,053)	($4,692)	159,484,177
9	May-17	($1,272,503)	($4,045)	169,296,357
10	Jun-17	($1,031,852)	($3,361)	178,260,103
11	Jul-17	($750,056)	($2,599)	208,738,146
12	Aug-17	($474,017)	($1,785)	204,472,726
13	Sep-17	($241,826)	($1,044)	171,993,920
14	Oct-17	$745	($352)	179,682,075
15	Annual Total		($51,482)	2,154,719,740

16	Incremental Rate to Recover Estimated Interest	($0.00002)	
17	Estimated Rate to Recover Deferral Balance	($0.00135)	
18	Rate before Gross-up for Revenue-related items	($0.00137)	
19	Times: Gross-up for Revenue-related items (3)	1.049551	
20	Preliminary Proposed Decoupling Rate	($0.00144)	
21	3% Test Rate Adjustment (4)	$0.00000	
22	Final Proposed Decoupling Rate	($0.00144)	Rebate Rate
23	Adjusted for Revenue Related Expenses	($0.00137)	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)	$0	

Notes

(1) Deferral balance at the end of the month, Rate of -$0.00135 to recover the October 2016 balance of -$2,908,126 over 12 months. See page 4 of Attachment A for October 2016 balance calculation.

(2) Interest computed on average balance between beginning and end of month at the present FERC rate. The FERC interest rate is updated quarterly.
http://www.ferc.gov/enforcement/acct-matts/interest-rates.asp

(3) 2015 Commission Basis conversion factor, see page 7 of Attachment A.

(4) See pages 5 and 6 of Attachment A for earnings test and 3% test adjustment calculations.

(5) See page 2 of Attachment A for estimated carryover balance calculations.

Avista Utilities
Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates
Effective November 1, 2016 - October 31, 2017

Non-Residential Electric
Calculate Estimated Monthly Balances through October 2017

Line No.		Ending Balance	Interest 3.25% Q1 2016 3.46% Q2 2016 3.50% Q3 2016	Amortization
1	Dec-15	($2,373,472)		
2	Earnings Sharing Adjustment	($453,222)		
3	Adjusted December Balance	($2,826,694)		
4	Jan-16	($2,834,350)	($7,656)	
5	Feb-16	($2,842,026)	($7,676)	
6	Mar-16	($2,849,723)	($7,697)	
7	Apr-16	($2,857,940)	($8,217)	
8	May-16	($2,866,180)	($8,240)	
9	Jun-16	($2,874,444)	($8,264)	
10	Jul-16	($2,882,828)	($8,384)	
11	Aug-16	($2,891,236)	($8,408)	
12	Sep-16	($2,899,669)	($8,433)	
13	**Oct-16**	**($2,908,126)**	($8,457)	
14	Nov-16	($2,678,457)	($8,135)	($237,805)
15	Dec-16	($2,427,314)	($7,435)	($258,578)
16	Jan-17	($2,178,333)	($6,707)	($255,688)
17	Feb-17	($1,963,875)	($6,032)	($220,491)
18	Mar-17	($1,732,393)	($5,383)	($236,865)
19	Apr-17	($1,518,634)	($4,734)	($218,493)
20	May-17	($1,290,789)	($4,091)	($231,936)
21	Jun-17	($1,049,981)	($3,409)	($244,216)
22	Jul-17	($766,655)	($2,645)	($285,971)
23	Aug-17	($488,355)	($1,828)	($280,128)
24	Sep-17	($253,804)	($1,081)	($235,632)
25	**Oct-17**	**($8,021)**	($381)	($246,164)
26	Total		($133,293)	($2,951,966)
	Summary			
27	2015 Deferred Revenue	($2,373,472)		
28	Less Earnings Sharing	($453,222)		
29	Add Interest through 10/31/2017	($133,293)		
30	Add Revenue Related Expense Adj.	($142,809)		
31	Total Requested Refund	($3,102,796)		
32	Customer Rebate Revenue	($3,102,796)		
33	Carryover Deferred Revenue	$0		

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2015 Deferrals

2015 Commission Basis Earnings Test for Decoupling

Line No.		Electric	
1	Rate Base	$ 1,338,806,000	
2	Net Income	$ 99,114,000	
3	Calculated ROR	7.40%	
4	Base ROR	7.32%	
5	Excess ROR	0.08%	
6	Excess Earnings	$ 1,113,401	
7	Conversion Factor	0.619312	
8	Excess Revenue (Excess Earnings/CF)	$ 1,797,803	
9	Sharing %	50%	
10	2015 Total Earnings Test Sharing	**$ 898,901**	
	Revenue From 2015 Normalized Loads and Customers at Present Billing Rates		
11	Residential Revenue	$ 216,224,542	49.58%
12	Non-Residential Revenue	$ 219,883,826	50.42%
13	Total Normalized Revenue	$ 436,108,368	100.00%
	Earnings Test Sharing Adjustment		
14	Residential	$ 445,679	
15	Non-Residential	$ 453,222	
16	Total	$ 898,901	

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2015 Deferrals

3% Incremental Surcharge Test

Line No.			Electric
	November 2016 - October 2017 Usage		
1	Residential		2,465,787,464
2	Non-Residential		2,154,719,740
	Proposed Decoupling Recovery Rates		
3	Residential		$0.00298
4	Non-Residential		-$0.00144
	Present Decoupling Recovery Rates		
5	Residential		$0.00000
6	Non-Residential		$0.00000
	Incremental Decoupling Recovery Rates		
7	Residential		$0.00298
8	Non-Residential		-$0.00144
9	Incremental Decoupling Recovery	$	4,245,250
10	Residential	$	7,348,047
11	Non-Residential	$	(3,102,796)
	Incremental Surcharge %		
12	Residential		**3.40%**
13	Non-Residential		**-1.41%**
	3% Test Adjustment (1)		
14	Residential	$	(861,310)
15	Non-Residential	$	-
	3% Test Rate Adjustment		
16	Residential		-$0.00035
17	Non-Residential		$0.00000
	Adjusted Proposed Decoupling Recovery Rates		
18	Residential		$0.00263
19	Non-Residential		-$0.00144
20	Adjusted Incremental Decoupling Recovery		3,382,225
21	Residential		6,485,021
22	Non-Residential		(3,102,796)
	Adjusted Incremental Surcharge %		
23	Residential		**3.00%**
24	Non-Residential		**-1.41%**

Notes

(1) The carryover balances will differ from the 3% adjustment amounts due to the revenue related expense gross up partially offset by additional interest on the outstanding balance during the amortization period.

AVISTA UTILITIES
Revenue Conversion Factor
Washington - Electric System
TWELVE MONTHS ENDED December 31, 2015

Line No.	Description	*Factor*
1	**Revenues**	*1.000000*
	Expense:	
2	Uncollectibles	*0.006739*
3	Commission Fees	*0.002000*
4	Washington Excise Tax	*0.038473*
5	Total Expense	*0.047212*
6	Net Operating Income Before FIT	*0.952788*
7	Federal Income Tax @ 35%	*0.333476*
8	**REVENUE CONVERSION FACTOR**	*0.619312*
9	2015 Commission Basis Conversion Factor Gross Up Factor	1.049551

ATTACHMENT B

Schedule 75

Annual Electric Decoupling Rate Adjustment

2015 Deferred Revenue Calculation

Avista Utilities

Electric Decoupling Mechanism

Development of Electric Deferrals (Calendar Year 2015)

Line No.		Source	Revised Jan-15	Revised Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	2015 Annual Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
	Residential Group														
1	Actual Customers	Revenue System	207,224	207,250	206,422	206,679	206,185	206,224	207,030	206,682	207,742	208,615	208,228	210,165	2,488,446
2	Monthly Decoupled Revenue per Customer	Appendix 4, Page 3	$78.81	$69.94	$64.35	$51.02	$47.06	$44.92	$51.18	$54.25	$45.86	$52.53	$65.53	$83.06	$59.08
3	Decoupled Revenue	(1) x (2)	$ 16,331,182	$ 14,495,372	$ 13,282,392	$ 10,544,743	$ 9,703,850	$ 9,263,940	$ 10,595,553	$ 11,211,862	$ 9,526,829	$ 10,959,143	$ 13,644,766	$ 17,456,805	$ 147,016,437
4	Actual Base Rate Revenue	Revenue System	$ 25,101,845	$ 17,879,887	$ 17,559,760	$ 15,694,519	$ 13,097,133	$ 14,889,107	$ 19,331,801	$ 17,006,511	$ 13,586,943	$ 13,096,810	$ 18,959,164	$ 23,830,695	
5	Actual Basic Charge Revenue	Revenue System	$ 1,761,404	$ 1,761,625	$ 1,754,587	$ 1,756,772	$ 1,752,573	$ 1,752,904	$ 1,821,150	$ 1,819,598	$ 1,819,260	$ 1,819,349	$ 1,806,884	$ 1,823,573	
6	Actual Usage (kWhs)	Revenue System	273,966,953	197,618,642	196,511,929	174,058,158	144,371,121	166,807,706	215,398,297	186,598,692	148,639,680	144,517,723	213,318,297	261,492,406	
7	Retail Revenue Credit ($/kWh)	Appendix 4, Page 1	$ 0.021080	$ 0.021080	$ 0.021080	$ 0.021080	$ 0.021080	$ 0.021080	$ 0.021080	$ 0.021080	$ 0.021080	$ 0.021080	$ 0.021080	$ 0.021080	
8	Variable Power Supply Payments	(6) x (7)	$ 5,775,223	$ 4,165,801	$ 4,142,471	$ 3,669,146	$ 3,043,343	$ 3,516,306	$ 4,540,596	$ 3,933,500	$ 3,133,324	$ 3,046,434	$ 4,496,750	$ 5,512,260	
9	Customer Decoupled Payments	(4) - (5) -(8)	$ 17,565,217	$ 11,952,461	$ 11,662,701	$ 10,268,602	$ 8,301,217	$ 9,619,896	$ 12,970,055	$ 11,253,413	$ 8,634,359	$ 8,231,028	$ 12,655,530	$ 16,494,862	$ 139,609,342
	Residential Revenue Per Customer Received		$84.76	$57.67	$56.50	$49.68	$40.26	$46.65	$62.65	$54.45	$41.56	$39.46	$60.78	$78.49	$56.10
10	Deferral - Surcharge (Rebate)	(3) - (9)	$ (1,234,035)	$ 2,542,911	$ 1,619,691	$ 276,142	$ 1,402,633	$ (355,956)	$ (2,374,502)	$ (41,551)	$ 892,470	$ 2,728,115	$ 989,236	$ 961,943	$ 7,407,095
11	Deferral - Revenue Related Expenses	Rev Conv Factor	$ 56,019	$ (115,435)	$ (73,526)	$ (12,535)	$ (63,673)	$ 16,159	$ 107,791	$ 1,886	$ (40,514)	$ (123,843)	$ (44,906)	$ (43,667)	$ (336,245)
		FERC Rate	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	
12	Interest on Deferral	Avg Balance Calc	$ (1,595)	$ 92	$ 5,474	$ 7,939	$ 10,131	$ 11,511	$ 8,013	$ 4,911	$ 6,025	$ 10,721	$ 15,556	$ 18,120	$ 96,898
	Monthly Residential Deferral Totals		**$ (1,179,611)**	**$ 2,427,568**	**$ 1,551,638**	**$ 271,546**	**$ 1,349,091**	**$ (328,286)**	**$ (2,258,699)**	**$ (34,753)**	**$ 857,981**	**$ 2,614,994**	**$ 959,885**	**$ 936,395**	**$ 7,167,748**
13	Cumulative Residential Deferral (Rebate)/Surcharge	Σ((10) ~ (12))	$ (1,179,611)	$ 1,247,957	$ 2,799,595	$ 3,071,141	$ 4,420,232	$ 4,091,945	$ 1,833,247	$ 1,798,493	$ 2,656,474	$ 5,271,468	$ 6,231,353	$ 7,167,748	
	Non-Residential Group														
14	Actual Customers	Revenue System	35,059	35,579	35,140	35,293	35,221	35,212	35,004	35,238	35,232	35,284	35,077	35,843	423,182
15	Monthly Decoupled Revenue per Customer	Appendix 4, Page 3	$356.03	$334.39	$338.63	$307.27	$328.68	$343.69	$382.86	$405.75	$347.13	$347.29	$341.22	$376.40	$350.78
16	Decoupled Revenue	(14) x (15)	$ 12,482,171	$ 11,897,180	$ 11,899,500	$ 10,844,425	$ 11,576,571	$ 12,101,997	$ 13,401,801	$ 14,297,930	$ 12,229,924	$ 12,253,678	$ 11,968,907	$ 13,491,213	$ 148,445,296
17	Actual Base Rate Revenue	Revenue System	$ 16,258,940	$ 17,169,122	$ 17,145,797	$ 17,146,414	$ 17,228,784	$ 20,052,822	$ 19,981,392	$ 20,610,294	$ 17,559,914	$ 17,606,688	$ 18,027,728	$ 17,364,216	
18	Actual Basic Charge Revenue	Revenue System	$ 1,590,724	$ 1,612,616	$ 1,612,908	$ 1,601,684	$ 1,610,510	$ 1,601,190	$ 1,620,119	$ 1,617,035	$ 1,618,291	$ 1,611,788	$ 1,595,841	$ 1,623,807	
19	Acutal Usage (kWhs)	Revenue System	162,655,588	168,483,376	171,828,336	170,229,514	173,532,298	208,221,126	205,625,075	213,909,780	176,781,649	176,161,200	180,918,565	171,400,749	
20	Retail Revenue Credit ($/kWh)	Appendix 4, Page 1	$ 0.021080	$ 0.021080	$ 0.021080	$ 0.021080	$ 0.021080	$ 0.021080	$ 0.021080	$ 0.021080	$ 0.021080	$ 0.021080	$ 0.021080	$ 0.021080	
21	Variable Power Supply Payments	(19) x (20)	$ 3,428,780	$ 3,551,630	$ 3,622,141	$ 3,588,438	$ 3,658,061	$ 4,389,301	$ 4,334,577	$ 4,509,218	$ 3,726,557	$ 3,713,478	$ 3,813,763	$ 3,613,128	
22	Customer Decoupled Payments	(17) - (18) -(21)	$ 11,239,437	$ 12,004,877	$ 11,910,747	$ 11,956,292	$ 11,960,214	$ 14,062,331	$ 14,026,697	$ 14,484,040	$ 12,215,066	$ 12,281,422	$ 12,618,124	$ 12,127,281	$ 150,886,527
	Non-Residential Revenue Per Customer Received		$320.59	$337.41	$338.95	$338.77	$339.58	$399.36	$400.72	$411.03	$346.70	$348.07	$359.73	$338.34	$356.55
23	Deferral - Surcharge (Rebate)	(16) - (22)	$ 1,242,735	$ (107,697)	$ (11,247)	$ (1,111,868)	$ (383,643)	$ (1,960,334)	$ (624,895)	$ (186,110)	$ 14,858	$ (27,744)	$ (649,217)	$ 1,363,932	$ (2,441,231)
24	Deferral - Revenue Related Expenses	Rev Conv Factor	$ (56,414)	$ 4,889	$ 511	$ 50,473	$ 17,415	$ 88,989	$ 28,367	$ 8,448	$ (674)	$ 1,259	$ 29,471	$ (61,916)	$ 110,820
		FERC Rate	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	
25	Interest on Deferral	Avg Balance Calc	$ 1,606	$ 3,078	$ 2,933	$ 1,489	$ (440)	$ (3,472)	$ (6,823)	$ (7,890)	$ (8,133)	$ (8,171)	$ (9,069)	$ (8,169)	$ (43,061)
	Monthly Non-Residential Deferral Totals		**$ 1,187,927**	**$ (99,730)**	**$ (7,804)**	**$ (1,059,906)**	**$ (366,668)**	**$ (1,874,816)**	**$ (603,351)**	**$ (185,552)**	**$ 6,051**	**$ (34,656)**	**$ (628,814)**	**$ 1,293,847**	**$ (2,373,472)**
26	Cumulative Non-Residential Deferral (Rebate)/Surcharge	Σ((23) ~ (25))	$ 1,187,927	$ 1,088,197	$ 1,080,393	$ 20,488	$ (346,180)	$ (2,220,996)	$ (2,824,348)	$ (3,009,899)	$ (3,003,848)	$ (3,038,504)	$ (3,667,319)	$ (2,373,472)	
25	Total Cumulative Electric Deferral	(13) + (26)	$ 8,316	$ 2,336,154	$ 3,879,988	$ 3,091,628	$ 4,074,051	$ 1,870,949	$ (991,101)	$ (1,211,406)	$ (347,374)	$ 2,232,963	$ 2,564,034	$ 4,794,276	

UE-140188 Authorized Decoupling Base

Avista Utilities
Electric Decoupling Mechanism
Development of Decoupled Revenue by Rate Schedule - Electric

Updated to reflect November 2014 Power Supply update.

		TOTAL	RESIDENTIAL SCHEDULE 1	GENERAL SVC. SCH. 11,12	LG. GEN. SVC. SCH. 21,22	PUMPING SCH. 30, 31, 32	EX LG GEN SVC SCHEDULE 25	ST & AREA LTG SCH. 41-48
1	Total Normalized 2015 Revenue (Appendix 2)	$ 490,833,000	$ 214,476,000	$ 69,493,000	$ 127,831,000	$ 10,525,000	$ 61,637,000	$ 6,871,000
2	Settlement Revenue Increase (Appendix 2)	$ 12,295,000	$ 5,372,000	$ 1,738,000	$ 3,205,000	$ 264,000	$ 1,544,000	$ 172,000
3	Total Rate Revenue (January 1, 2015)	$ 503,128,000	$ 219,848,000	$ 71,231,000	$ 131,036,000	$ 10,789,000	$ 63,181,000	$ 7,043,000
4	Normalized kWhs (2015 Rate Year)	5,689,806,234	2,437,508,068	586,109,432	1,436,806,481	127,927,573	1,076,126,636	25,328,044
5	Retail Revenue Credit (line 14)	$ 0.02108	$ 0.02108	$ 0.02108	$ 0.02108	$ 0.02108	$ 0.02108	$ 0.02108
6	Variable Power Supply Revenue (L4 * L5)	$ 119,941,115	$ 51,382,670	$ 12,355,187	$ 30,287,881	$ 2,696,713	$ 22,684,749	$ 533,915
7	Delivery & Power Plant Revenue (L3 - L6)	$ 336,181,549	$ 168,465,330	$ 58,875,813	$ 100,748,119	$ 8,092,287		
8	Customer Bills (2015 Rate Year)	2,917,521	2,494,197	369,788	24,074	29,462		
9	Proposed Basic Charges		$ 8.50	$ 18.00	$ 500.00	$ 18.00		
10	Basic Charge Revenue (Ln 8 * Ln 9)	$ 40,424,175	$ 21,200,675	$ 6,656,184	$ 12,037,000	$ 530,316		
11	Decoupled Revenue	$ 295,757,375	$ 147,264,655	$ 52,219,629	$ 88,711,119	$ 7,561,971	Excluded From Decoupling	
12	Retail Revenue Credit - (Appendix 3)	$0.02012						
13	Gross Up Factor for Revenue Related Exp	104.76%						
14	Grossed Up Retail Revenue Credit	$0.02108						

		Residential	Non-Residential Group
15	Average Number of Customers (Line 8 / 12)	207,850	35,277
16	Annual kWh	2,437,508,068	2,150,843,486
17	Basic Charge Revenues	21,200,675	19,223,500
18	Customer Bills	2,494,197	423,324
19	Average Basic Charge	$8.50	$45.41

Second Revised Appendix 4 (November 2014 Update), Page 1
ATTACHMENT B

Updated to reflect November 2014 Power Supply update.

Avista Utilities
Electric Decoupling Mechanism
Development of Annual Decoupled Revenue Per Customer - Electric

Line No.		Source	Residential	Non-Residential Schedules*
	(a)	(b)	(c)	(d)
1	Decoupled Revenues	Appendix 4, Page 1	$ 147,264,655	$ 148,492,719
2	Rate Year # of Customers 2015	Revenue Data	207,850	35,277
3	Decoupled Revenue per Customer	(1) / (2)	$ 708.51	$ 4,209.34

* Schedules 11, 12, 21, 22, 31, 32.

	Residential	Non-Residential
Revenues		
From revenue per customer	$ 147,263,626	$ 148,492,887
From basic charge	$ 21,200,675	$ 19,223,500
From power supply	$ 51,382,670	$ 45,339,781
Total	$ 219,846,971	$ 213,056,168

Avista Utilities
Electric Decoupling Mechanism
Development of Monthly Decoupled Revenue Per Customer - Electric

Updated to reflect November 2014 Power Supply update.

Line No.		Source	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1	**Electric Sales**														
2	*Residential*														
3	- Weather-Normalized kWh Sales	Monthly Rate Year	271,130,047	240,621,765	221,370,825	175,525,307	161,914,993	154,545,588	176,072,045	186,627,300	157,769,890	180,730,371	225,437,958	285,761,978	2,437,508,067
4	- % of Annual Total	% of Total	11.12%	9.87%	9.08%	7.20%	6.64%	6.34%	7.22%	7.66%	6.47%	7.41%	9.25%	11.72%	100.00%
5	*Non-Residential**														
6	- Weather-Normalized kWh Sales	Monthly Rate Year	181,922,081	170,861,843	173,030,139	157,004,730	167,947,307	175,614,812	195,632,184	207,327,409	177,370,453	177,453,044	174,351,964	192,327,521	2,150,843,487
7	- % of Annual Total	% of Total	8.46%	7.94%	8.04%	7.30%	7.81%	8.16%	9.10%	9.64%	8.25%	8.25%	8.11%	8.94%	100.00%
8	**Monthly Decoupled Revenue Per Customer ("RPC")**														
9	*Residential*														
10	- 2015 Decoupled RPC	Appendix 4, P. 2 L. 3													$ 708.51
11	- 2015 Monthly Decoupled RPC	(4) x (10)	$ 78.81	$ 69.94	$ 64.35	$ 51.02	$ 47.06	$ 44.92	$ 51.18	$ 54.25	$ 45.86	$ 52.53	$ 65.53	$ 83.06	$ 708.51
12	*Non-Residential**														
13	- 2015 Decoupled RPC	Appendix 4, P. 2 L. 3													$ 4,209.34
14	- 2015 Monthly Decoupled RPC	(7) x (13)	$ 356.03	$ 334.39	$ 338.63	$ 307.27	$ 328.68	$ 343.69	$ 382.86	$ 405.75	$ 347.13	$ 347.29	$ 341.22	$ 376.40	$ 4,209.34

* Schedules 11, 12, 21, 22, 31, 32

Avista Corp.
1411 East Mission P.O. Box 3727
Spokane. Washington 99220-3727
Telephone 509-489-0500
Toll Free 800-727-9170

October 7, 2016

Mr. Steven King, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive, S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

Docket No. UE-160969

Re: Tariff WN U-28, Electric Service
Electric Decoupling Rate Adjustment

Dear Mr. King:

On August 31, 2016, Avista filed it Electric Decoupling Rate Adjustment in compliance with the Commission's Order No. 05 in Docket No. UE-140189. Since that time, Commission Staff has reviewed the Company's filing and has suggested several changes. More specifically, Staff has proposed changes to the interest calculation contained within Attachment A to the Company's filing, as well as the effect of revenue sensitive expenses on the earnings sharing amount. The Company agrees with Staff's proposed modifications, and therefore is including in this filing an updated Attachment A. In the end, the agreed-upon modifications slightly changed the rates proposed by the Company.

Therefore, the Company is filing the following tariff sheet which incorporates the updated proposed decoupling rates. The net effect was a reduction to the proposed Non-Residential rebate rate of $0.00001. The changes did not otherwise affect the Company's proposed tariff revisions to Sheet 75E.

Substitute First Revision Sheet 75 Canceling **Original Sheet 75**

The Company has also has provided in this filing a copy of its customer notice which was distributed to customers in September. The Company inadvertently did not include a copy of the notice in its original filing. Please direct any questions on this matter to Tara Knox, Senior Regulatory Analyst at (509) 495-4325 or myself at (509) 495-8620.

Sincerely,

Patrick Ehrbar
Senior Manager, Rates and Tariffs
enclosures

Important Notice for Washington Electric and Natural Gas Customers

(Sept. 2016)

Proposed Rate Adjustments Filed to be Effective Nov. 1, 2016

Avista has filed three annual rate adjustment requests with the Washington Utilities and Transportation Commission (UTC or Commission), with a requested effective date of Nov. 1, 2016.

The **first** rate adjustment is the annual Purchased Gas Cost Adjustment (PGA). The PGA is filed each year to balance the actual cost of wholesale natural gas purchased by Avista to serve customers with the amount included in rates. This includes the natural gas commodity cost as well as the cost to transport natural gas on interstate pipelines to Avista's local distribution system. If approved, the request is designed to decrease Avista's natural gas revenues by $12.8 million or 8.0 percent.

The **second** rate adjustment is related to the Bonneville Power Administration (BPA) Residential Exchange Program. The Residential Exchange Program provides a share of the benefits of the federal Columbia River power system to the residential and small farm electric customers of the investor-owned utilities in the Pacific Northwest, including Avista. Avista applies the benefits it receives, which typically fluctuate from year to year, to customers as a credit in their monthly electric rates. The benefit Avista will receive from BPA starting in October 2016 will result in a higher level of benefits than is currently being passed through to qualifying customers. As a result of the higher level of benefits, the proposed rate decrease for residential and small farm customers is designed to decrease revenues by approximately $0.6 million, or an overall decrease of approximately 0.1 percent.

The **third** rate adjustment is related to electric and natural gas decoupling. Decoupling is a mechanism designed to break the link between a utility's revenues and customers' energy usage. Generally, Avista's electric and natural gas revenues are adjusted each month based on the number of customers, rather than kilowatt hour and therm sales. The difference between revenues based on sales and revenues based on the number of customers is surcharged or

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rebated to customers beginning in the following year. For electric operations, the rate adjustment is designed to increase revenues by $3.4 million, or 0.7 percent. For natural gas operations, the rate adjustment is designed to increase revenues by $4.6 million, or 2.9 percent. These rate adjustments are driven primarily by a lower level of customer usage in 2015 due in part to a warmer than normal winter.

Change in Rates - As a result of the filings, residential electric customers in Washington using an average of 957 kilowatt hours per month would see their monthly bills change from $83.91 to $86.19, an increase of $2.28 per month, or approximately 2.7 percent. Residential natural gas customer using an average of 66 therms per month would see their monthly bills change from $61.85 to $58.81, a decrease of $3.04 per month, or approximately 4.9 percent.

If approved, customers would see the following rate adjustments:

Electric

Residential Service - Schedule 1	2.7%
General Service - Schedules 11 & 12	-1.2%
Large General Service - Schedules 21 & 22	-1.5%
Extra Large General Service - Schedule 25	0.0%
Pumping Service - Schedules 31 & 32	-1.5%
Street & Area Lights - Schedules 41-48	0.0%

Natural Gas

General Service - Schedule 101	-4.8%
Large General Service - Schedule 111	-6.5%
Ex. Large General Service - Schedule 121	-4.9%
Interruptible Sales Service - Schedule 131	-1.7%
Transportation Service - Schedule 146	0.0%

Avista's requests are proposals, subject to public review and a Commission decision. You may contact the UTC at the following address: UTC, 1300 S. Evergreen Park Drive S.W., P.O. Box 47250, Olympia, WA 98504-7250; or by e-mail at: comments@utc.wa.gov. Copies of the applications are available for public review at the offices of the Commission and Avista, as well as on our website at **avistautilities.com/rates.**

To help customers proactively manage their energy use, Avista offers a number of energy efficiency programs, energy-saving information, rebates and incentives. Avista also provides energy assistance programs and payment options for qualifying customers. Information about these customer programs and options is available at **avistautilities.com.**

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AVA204i

rebated to customers beginning in the following year. For electric operations, the rate adjustment is designed to increase revenues by $3.4 million, or 0.7 percent. For natural gas operations, the rate adjustment is designed to increase revenues by $4.6 million, or 2.9 percent. These rate adjustments are driven primarily by a lower level of customer usage in 2015 due in part to a warmer than normal winter.

Change in Rates - As a result of the filings, residential electric customers in Washington using an average of 957 kilowatt hours per month would see their monthly bills change from $83.91 to $86.19, an increase of $2.28 per month, or approximately 2.7 percent. Residential natural gas customer using an average of 66 therms per month would see their monthly bills change from $61.85 to $58.81, a decrease of $3.04 per month, or approximately 4.9 percent.

If approved, customers would see the following rate adjustments:

Electric

Residential Service - Schedule 1	2.7%
General Service - Schedules 11 & 12	-1.2%
Large General Service - Schedules 21 & 22	-1.5%
Extra Large General Service - Schedule 25	0.0%
Pumping Service - Schedules 31 & 32	-1.5%
Street & Area Lights - Schedules 41-48	0.0%

Natural Gas

General Service - Schedule 101	-4.8%
Large General Service - Schedule 111	-6.5%
Ex. Large General Service - Schedule 121	-4.9%
Interruptible Sales Service - Schedule 131	-1.7%
Transportation Service - Schedule 146	0.0%

Avista's requests are proposals, subject to public review and a Commission decision. You may contact the UTC at the following address: UTC, 1300 S. Evergreen Park Drive S.W., P.O. Box 47250, Olympia, WA 98504-7250; or by e-mail at: comments@utc.wa.gov. Copies of the applications are available for public review at the offices of the Commission and Avista, as well as on our website at **avistautilities.com/rates.**

To help customers proactively manage their energy use, Avista offers a number of energy efficiency programs, energy-saving information, rebates and incentives. Avista also provides energy assistance programs and payment options for qualifying customers. Information about these customer programs and options is available at **avistautilities.com.**

AVA204i

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 75

DECOUPLING MECHANISM – ELECTRIC

PURPOSE:

This Schedule establishes balancing accounts and implements an annual rate adjustment mechanism that decouples or separates the recovery of the Company's Commission authorized revenues from kilowatt-hour sales to customers served under the applicable electric service schedules.

APPLICABLE:

To Customers in the State of Washington where the Company has electric service available. This schedule shall be applicable to all retail customers taking service under Schedules 1, 2,11, 12, 21, 22, 31, and 32. This Schedule does not apply to Extra Large General Service Schedule 25 or to Street and Area Light Schedules 41 through 48. Applicable Customers will be segregated into two (2) distinct Rate Groups: (T)

Group 1 – Schedules 1, 2 (T)
Group 2 – Schedules 11, 12, 21, 22, 31, 32

MONTHLY RATE:

Group 1 – $0.00263 per kWh (I)
Group 2 – ($0.00143) per kWh (R)

Issued October 7, 2016 Effective November 1, 2016

Issued by Avista Corporation
By Kelly Norwood Kelly Norwood, Vice President, State & Federal Regulation

Updated
ATTACHMENT A

Schedule 75

Annual Electric Decoupling Rate Adjustment

Rate Calculation for November 1, 2016 – October 31, 2017

Avista Utilities

Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates

Effective November 1, 2016 - October 31, 2017

Line No.	Date	Residential Electric Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.00281	3.50%	
2	Oct-16	$6,937,368		
3	Nov-16	$6,323,663	$19,311	225,272,780
4	Dec-16	$5,546,352	$17,285	282,774,484
5	Jan-17	$4,778,346	$15,035	278,662,197
6	Feb-17	$4,153,686	$13,007	226,927,615
7	Mar-17	$3,527,262	$11,185	226,907,050
8	Apr-17	$3,022,623	$9,538	182,981,220
9	May-17	$2,562,553	$8,133	166,620,509
10	Jun-17	$2,119,408	$6,818	160,129,002
11	Jul-17	$1,588,315	$5,399	190,922,680
12	Aug-17	$1,066,960	$3,867	186,911,412
13	Sep-17	$633,391	$2,476	155,176,323
14	Oct-17	$121,659	$1,100	182,502,193
15	Annual Total		$113,154	2,465,787,464
16	Incremental Rate to Recover Estimated Interest		$0.00005	
17	Estimated Rate to Recover Deferral Balance		$0.00281	
18	Rate before Gross-up for Revenue-related items		$0.00286	
19	Times: Gross-up for Revenue-related items (3)		1.049551	
20	Preliminary Proposed Decoupling Rate		$0.00300	
21	3% Test Rate Adjustment (4)		($0.00037)	
22	Final Proposed Decoupling Rate		$0.00263	Surcharge Rate
23	Adjusted for Revenue Related Expenses		$0.00251	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		$875,657	

Notes

(1) Deferral balance at the end of the month, Rate of $0.00281 to recover the October 2016 balance of $6,937,368 over 12 months. See page 2 of Attachment A for October 2016 balance calculation.

(2) Interest computed on average balance between beginning and end of month at the present FERC rate. The FERC interest rate is updated quarterly. http://www.ferc.gov/enforcement/acct-matts/interest-rates.asp

(3) 2015 Commission Basis conversion factor, see page 7 of Attachment A.

(4) See pages 5 and 6 of Attachment A for earnings test and 3% test adjustment calculations.

(5) See page 2 of Attachment A for estimated carryover balance calculations.

Avista Utilities

Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates

Effective November 1, 2016 - October 31, 2017

Residential Electric

Calculate Estimated Monthly Balances through October 2017

Line No.		Ending Balance	Interest 3.25% Q1 2016 3.46% Q2 2016 3.50% Q3 2016	Amortization
1	Dec-15	$7,167,748		
2	Earnings Sharing Adjustment	($424,638)		
3	Adjusted December Balance	$6,743,110		
4	Jan-16	$6,761,373	$18,263	
5	Feb-16	$6,779,685	$18,312	
6	Mar-16	$6,798,046	$18,362	
7	Apr-16	$6,817,647	$19,601	
8	May-16	$6,837,305	$19,658	
9	Jun-16	$6,857,019	$19,714	
10	Jul-16	$6,877,019	$20,000	
11	Aug-16	$6,897,077	$20,058	
12	Sep-16	$6,917,193	$20,116	
13	**Oct-16**	**$6,937,368**	$20,175	
14	Nov-16	$6,391,343	$19,409	$565,435
15	Dec-16	$5,699,185	$17,606	$709,764
16	Jan-17	$5,015,346	$15,603	$699,442
17	Feb-17	$4,459,555	$13,797	$569,588
18	Mar-17	$3,902,195	$12,176	$569,537
19	Apr-17	$3,453,624	$10,712	$459,283
20	May-17	$3,044,869	$9,463	$418,217
21	Jun-17	$2,651,240	$8,295	$401,924
22	Jul-17	$2,179,058	$7,034	$479,216
23	Aug-17	$1,715,582	$5,671	$469,148
24	Sep-17	$1,330,525	$4,436	$389,493
25	**Oct-17**	**$875,657**	$3,213	$458,081
26	Total		$321,674	$6,189,127
	Summary			
27	2015 Deferred Revenue	$7,167,748		
28	Less Earnings Sharing	($424,638)		
29	Add Interest through 10/31/2017	$321,674		
30	Add Revenue Related Expense Adj.	$295,894		
31	Total Requested Recovery	$7,360,678		
32	Customer Surcharge Revenue	$6,485,021		
33	Carryover Deferred Revenue	$875,657		

Avista Utilities

Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates

Effective November 1, 2016 - October 31, 2017

Non-Residential Electric

Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		-0.00134	3.50%	
2	Oct-16	($2,886,113)		
3	Nov-16	($2,661,594)	($8,079)	173,580,210
4	Dec-16	($2,416,072)	($7,394)	188,742,856
5	Jan-17	($2,172,666)	($6,682)	186,633,257
6	Feb-17	($1,963,026)	($6,022)	160,941,988
7	Mar-17	($1,736,736)	($5,388)	172,893,927
8	Apr-17	($1,527,781)	($4,754)	159,484,177
9	May-17	($1,305,049)	($4,125)	169,296,357
10	Jun-17	($1,069,639)	($3,458)	178,260,103
11	Jul-17	($792,641)	($2,712)	208,738,146
12	Aug-17	($520,560)	($1,912)	204,472,726
13	Sep-17	($291,271)	($1,182)	171,993,920
14	Oct-17	($50,995)	($498)	179,682,075
15	Annual Total		($52,207)	2,154,719,740
16	Incremental Rate to Recover Estimated Interest		($0.00002)	
17	Estimated Rate to Recover Deferral Balance		($0.00134)	
18	Rate before Gross-up for Revenue-related items		($0.00136)	
19	Times: Gross-up for Revenue-related items (3)		1.049551	
20	Preliminary Proposed Decoupling Rate		($0.00143)	
21	3% Test Rate Adjustment (4)		$0.00000	
22	Final Proposed Decoupling Rate		($0.00143)	Rebate Rate
23	Adjusted for Revenue Related Expenses		($0.00136)	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		$0	

Notes

(1) Deferral balance at the end of the month, Rate of -$0.00134 to recover the October 2016 balance of -$2,886,113 over 12 months. See page 4 of Attachment A for October 2016 balance calculation.

(2) Interest computed on average balance between beginning and end of month at the present FERC rate. The FERC interest rate is updated quarterly. http://www.ferc.gov/enforcement/acct-matts/interest-rates.asp

(3) 2015 Commission Basis conversion factor, see page 7 of Attachment A.

(4) See pages 5 and 6 of Attachment A for earnings test and 3% test adjustment calculations.

(5) See page 2 of Attachment A for estimated carryover balance calculations.

Avista Utilities

Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates

Effective November 1, 2016 - October 31, 2017

Non-Residential Electric

Calculate Estimated Monthly Balances through October 2017

Line No.		Ending Balance	Interest	Amortization
			3.25% Q1 2016	
			3.46% Q2 2016	
			3.50% Q3 2016	
1	Dec-15	($2,373,472)		
2	Earnings Sharing Adjustment	($431,824)		
3	Adjusted December Balance	($2,805,296)		
4	Jan-16	($2,812,894)	($7,598)	
5	Feb-16	($2,820,512)	($7,618)	
6	Mar-16	($2,828,151)	($7,639)	
7	Apr-16	($2,836,306)	($8,155)	
8	May-16	($2,844,484)	($8,178)	
9	Jun-16	($2,852,685)	($8,202)	
10	Jul-16	($2,861,006)	($8,320)	
11	Aug-16	($2,869,350)	($8,345)	
12	Sep-16	($2,877,719)	($8,369)	
13	**Oct-16**	**($2,886,113)**	($8,393)	
14	Nov-16	($2,658,117)	($8,074)	($236,069)
15	Dec-16	($2,408,805)	($7,379)	($256,690)
16	Jan-17	($2,161,640)	($6,656)	($253,821)
17	Feb-17	($1,948,744)	($5,986)	($218,881)
18	Mar-17	($1,718,949)	($5,341)	($235,136)
19	Apr-17	($1,506,748)	($4,697)	($216,898)
20	May-17	($1,280,564)	($4,059)	($230,243)
21	Jun-17	($1,041,512)	($3,381)	($242,434)
22	Jul-17	($760,251)	($2,624)	($283,884)
23	Aug-17	($483,980)	($1,812)	($278,083)
24	Sep-17	($251,139)	($1,070)	($233,912)
25	**Oct-17**	**($7,148)**	($376)	($244,368)
26	Total		($132,270)	($2,930,419)

	Summary	
27	2015 Deferred Revenue	($2,373,472)
28	Less Earnings Sharing	($431,824)
29	Add Interest through 10/31/2017	($132,270)
30	Add Revenue Related Expense Adj.	($143,683)
31	Total Requested Refund	($3,081,249)
32	Customer Rebate Revenue	($3,081,249)
33	Carryover Deferred Revenue	$0

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2015 Deferrals

2015 Commission Basis Earnings Test for Decoupling

Line No.		Electric
1	Rate Base	$ 1,338,806,000
2	Net Income	$ 99,114,000
3	Calculated ROR	7.40%
4	Base ROR	7.32%
5	Excess ROR	0.08%
6	Excess Earnings	$ 1,113,401
7	Conversion Factor	0.619312
8	Excess Revenue (Excess Earnings/CF)	$ 1,797,803
9	Sharing %	50%
10	2015 Total Earnings Test Sharing	**$ 898,901**

Revenue From 2015 Normalized Loads and Customers at Present Billing Rates

11	Residential Revenue	$ 216,224,542	49.58%
12	Non-Residential Revenue	$ 219,883,826	50.42%
13	Total Normalized Revenue	$ 436,108,368	100.00%

	Earnings Test Sharing Adjustment	Gross Revenue Adjustment	Net of Revenue Related Expenses
14	Residential	$ 445,679	$ 424,638
15	Non-Residential	$ 453,222	$ 431,824
16	Total	$ 898,901	

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2015 Deferrals

3% Incremental Surcharge Test

Line No.		Electric
	November 2016 - October 2017 Usage	
1	Residential	2,465,787,464
2	Non-Residential	2,154,719,740
	Proposed Decoupling Recovery Rates	
3	Residential	$0.00300
4	Non-Residential	-$0.00143
	Present Decoupling Recovery Rates	
5	Residential	$0.00000
6	Non-Residential	$0.00000
	Incremental Decoupling Recovery Rates	
7	Residential	$0.00300
8	Non-Residential	-$0.00143
9	Incremental Decoupling Recovery	$ 4,316,113
10	Residential	$ 7,397,362
11	Non-Residential	$ (3,081,249)
	Incremental Surcharge %	
12	Residential	**3.42%**
13	Non-Residential	**-1.40%**
	3% Test Adjustment (1)	
14	Residential	$ (910,626)
15	Non-Residential	$ -
	3% Test Rate Adjustment	
16	Residential	-$0.00037
17	Non-Residential	$0.00000
	Adjusted Proposed Decoupling Recovery Rates	
18	Residential	$0.00263
19	Non-Residential	-$0.00143
20	Adjusted Incremental Decoupling Recovery	3,403,772
21	Residential	6,485,021
22	Non-Residential	(3,081,249)
	Adjusted Incremental Surcharge %	
23	Residential	**3.00%**
24	Non-Residential	**-1.40%**

Notes
(1) The carryover balances will differ from the 3% adjustment amounts due to the revenue related expense gross up partially offset by additional interest on the outstanding balance during the amortization period.

AVISTA UTILITIES
Revenue Conversion Factor
Washington - Electric System
TWELVE MONTHS ENDED December 31, 2015

Line No.	Description	*Factor*
1	**Revenues**	*1.000000*
	Expense:	
2	Uncollectibles	*0.006739*
3	Commission Fees	*0.002000*
4	Washington Excise Tax	*0.038473*
5	Total Expense	*0.047212*
6	Net Operating Income Before FIT	*0.952788*
7	Federal Income Tax @ 35%	*0.333476*
8	**REVENUE CONVERSION FACTOR**	*0.619312*
9	2015 Commission Basis Conversion Factor Gross Up Factor	1.049551

AVISTA

Request for Proposals

RFP No. R -41321

Attachment F - Avista's 2016 Natural Gas Decoupling Rate Adjustment.

Avista Corp.
1411 East Mission P.O. Box 3727
Spokane. Washington 99220-3727
Telephone 509-489-0500
Toll Free 800-727-9170

AVISTA Corp.

August 31, 2016

Mr. Steven King, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive, S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

Re: Tariff WN U-29, Natural Gas Service
Natural Gas Decoupling Rate Adjustment

Dear Mr. King:

Attached for electronic filing with the Commission are the following tariff sheets proposed to be effective November 1, 2016:

First Revision Sheet 175	Canceling	**Original Sheet 175**
First Revision Sheet 175E	Canceling	**Original Sheet 175E**

This filing is the "Natural Gas Decoupling Rate Adjustment", filed in compliance with the Commission's Order No. 05 in Docket No. UG-140189. In that order the Commission approved a natural gas decoupling mechanism for Avista for a five-year period, with this filing reflecting the deferral balance for the first year (calendar year 2015) to be amortized over the period November 1, 2016 – October 31, 2017.

The purpose of the natural gas decoupling mechanism is to decouple the Company's Commission-authorized revenues from therm sales, such that the Company's revenues will be recognized based on the number of customers served under the applicable natural gas service schedules. The decoupling mechanism allows the Company to: 1) defer the difference between actual decoupling-related revenue received from customers through volumetric rates, and the decoupling-related revenue approved for recovery in the Company's last general rate case; and 2) file a tariff to surcharge or rebate, by rate group, the total deferred amount accumulated in the deferred revenue accounts for the prior January through December time period.

The proposed tariff reflects a surcharge of 2.927 cents per therm for the residential customer group served under Schedules 101 and 102, and a surcharge of 2.108 cents per therm for the non-residential customer group served under Schedules 111, 121, and 131. The Residential group surcharge represents a 3.0% increase to Schedule 101 customers, and the Non-

Residential group rebate also represents a 3.0% increase. The Company has requested a November 1, 2016 effective date.

Residential Group Rate Determination

The Company recorded $5,311,558 in the surcharge direction in deferred revenue for the natural gas residential customer group in 2015. The 3% incremental surcharge limitation, discussed later in this letter, affected the requested surcharge rate for this recovery period. The proposed rate of 2.927 cents per therm is designed to recover $3,488,984 from the Company's residential natural gas customers served under rate Schedules 101 and 102. The following table summarizes the components of the Company's request for recovery:

2015 Deferred Revenue	$5,311,558
Prior Mechanism Outstanding Balance[1]	$5,640
Less: Earnings Sharing	($0)
Add: Interest through 10/31/2017	$268,402
Add: Revenue Related Expense Adj.	$164,496
Total Requested Recovery	$5,750,096
Customer Surcharge Revenue	$3,488,984
Carryover Deferred Revenue	$2,261,112

Attachment A, page 1 shows the derivation of the proposed surcharge rate to recover the 2015 deferred revenue plus interest and revenue-related expenses, based on projected sales volumes for Schedules 101 and 102 customers during the surcharge/amortization period (November 2016 through October 2017). As identified in Tariff Schedule 175 under Step 6 of "Calculation of Monthly Deferral", interest on the deferred balance accrues at the quarterly rate published by the FERC.[2] If the proposed surcharge is approved by the Commission, the 2015 deferral balance, plus interest through October, will be transferred into a regulatory asset balancing account. The balance in the account will be reduced each month by the revenue collected under the tariff.

Non-Residential Group Rate Determination

The Company recorded $1,736,736 in the surcharge direction in deferred revenue for the natural gas non-residential rate group in 2015. The 3% incremental surcharge limitation, discussed later in this letter, affected the requested surcharge rate for this recovery period. The proposed surcharge rate of 2.108 cents per kWh is designed to recover $1,108,839 from commercial and industrial customers served under rate Schedules 111, 121, and 131. The following table summarizes the components of the Company's request for recovery:

[1] An outstanding roll-over balance of $5,640 resulted from a small over-rebate of amounts approved for refund November 2012 through October 2013 through the Company's Schedule 159 decoupling mechanism in place from 2007 through 2014 (applicable to Schedule 101 customers).

[2] The FERC effective interest rate was 3.25% throughout 2015 and Q1 2016. The FERC effective interest rate became 3.46% in Q2 2016, and currently the Q3 FERC effective interest rate is 3.50%. The current rate of 3.5% has been used going forward as an estimate for purposes of this rate determination.

2015 Deferred Revenue	$1,736,736
Less: Earnings Sharing	($0)
Add: Interest through 10/31/2017	$90,341
Add: Revenue Related Expense Adj.	$52,075
Total Requested Recovery	$1,879,152
Customer Surcharge Revenue	$1,108,839
Carryover Deferred Revenue	$770,314

Attachment A, page 3 shows the derivation of the proposed surcharge rate to recover the 2015 deferred revenue, plus interest and revenue-related expenses, based on projected sales volumes for Schedules 111, 121, and 131 during the surcharge/amortization period (November 2016 through October 2017). As identified in Tariff Schedule 175 under Step 6 of "Calculation of Monthly Deferral", interest on the deferred balance accrues at the quarterly rate published by the FERC. If the proposed surcharge is approved by the Commission, the 2015 deferral balance, plus interest through October, will be transferred into a regulatory asset balancing account. The balance in the account will be reduced each month by the revenue collected under the tariff.

Support showing the monthly calculation of the 2015 deferred revenue balances for both the residential and non-residential customer groups is provided as Attachment B. These calculations were also provided to the Commission in quarterly reports (see Docket No. UG-140189).

Earnings Test

The decoupling mechanism is subject to an annual earnings test based on the Company's year-end Commission Basis Reports that reflect actual decoupling-related revenues and various normalizing adjustments. If the earnings test rate of return exceeds the allowed rate of return approved by the Commission, one-half of the revenue in excess of the rate of return will be shared with customers through the decoupling rate adjustment.

The 2015 Washington Natural Gas Earnings Test sharing calculations are shown on page 5 of Attachment A.[3] The Earnings Test showed that the Company earned a 6.15% rate of return on a normalized basis in 2015 which is less than the 7.32% allowed return established by Order 05 of Docket No. UG-140189 that established the decoupled rates in effect throughout 2015. As outlined in Tariff Schedule 175, if the Commission Basis earned return is less than the allowed rate of return, no adjustment is made to any surcharge or rebate.

3% Annual Rate Increase Test

Decoupling annual rate adjustment surcharges are subject to a 3% annual rate increase limitation. There is no limit to rebate rate adjustments. As described in Tariff Schedule 175 the 3% annual rate increase limitation "will be determined by dividing the incremental annual revenue to be collected (proposed surcharge revenue less present surcharge revenue) under this

[3] The complete decoupling earnings test model is included as part of the electronic work papers to this filing.

Schedule by the total "normalized" revenue for the two Rate Groups for the most recent January through December time period. Normalized revenue is determined by multiplying the weather-corrected usage for the period by the present rates in effect. If the incremental amount of the proposed surcharge exceeds 3%, only a 3% incremental rate increase will be proposed and any remaining deferred revenue will be carried over to the following year".

Revenue from 2015 normalized loads and customers calculated at the billing rates in effect August 1, 2016 for the two rate groups are shown on page 5 of Attachment A on lines 11 and 12. The rate necessary to recover the residential group surcharge balance, including estimated interest and revenue related expenses as determined on page 1 of Attachment A (see line 20 - Preliminary Proposed Decoupling Rate), would recover $5,805,041 from customers (based on projected sales volumes for Schedules 101 and 102 customers during the surcharge/amortization period). That amount is 4.99% of the normalized residential revenue (Attachment A, page 5, line 11). The 3% rate increase limitation results in the proposed residential surcharge rate of 2.927 cents per therm. The remaining deferral balance of $2,261,112 will be carried over to the 2017 rate adjustment calculation.

The rate necessary to recover the non-residential group surcharge balance, including estimated interest and revenue related expenses as determined on page 3 of Attachment A (see line 20 – Preliminary Proposed Decoupling Rate), would recover $1,899,965 from customers (based on projected sales volumes for Schedules 111, 121, and 131 customers during the surcharge/amortization period). That amount is 5.14% of the normalized residential revenue (Attachment A, page 5, line 12). The 3% rate increase limitation results in the proposed non-residential surcharge rate of 2.108 cents per therm. The remaining deferral balance of $770,314 will be carried over to the 2017 rate adjustment calculation.

Since there is no restriction on the amount of rebate refunded to customers in one year, it is important to clarify the language in tariff sheet 175E for application of the 3% test in the recovery period following a rebate.[4] The final sentence under the 3% Annual Rate Increase Limitation section has been revised to read as follows:

> *There is no limit to the level of the decoupling rebate, <u>and the reversal of any rebate rate would not be included in the 3% incremental surcharge test</u>.*

In conclusion, Avista requests the Commission approve the proposed changes in rates in Schedule 175, plus the addition of clarifying language in Sheet 175E regarding the impact of the expiration of rebates on the 3% test. The estimated annual revenue change associated with this filing is approximately an increase of $4.6 million. The proposed rate increase will have an average monthly bill impact to residential natural gas customers using 66 therms of $1.93, or 3.1%.

[4] Without this clarification, the Company could be required to continue a rebate when the deferral balance is zero or in a surcharge position. For example, if the Company had a 5% rebate in one year and the following year had no deferral balance, a 3% rate increase over the 5% rebate would still require a 2% rebate even though there would not be a rebate balance in the deferral account.

The Company has provided in this filing a copy of its customer notice which will be included as a bill insert in the September – October time frame (currently estimated to be inserted from September 2 – October 1). Please direct any questions on this matter to Tara Knox, Senior Regulatory Analyst at (509) 495-4325 or myself at (509) 495-8620.

Sincerely,

Patrick Ehrbar
Senior Manager, Rates and Tariffs

Enclosures

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 175
DECOUPLING MECHANISM – NATURAL GAS

PURPOSE:

This Schedule establishes balancing accounts and implements an annual rate adjustment mechanism that decouples or separates the recovery of the Company's Commission authorized revenues from the therm sales to customers served under the applicable natural gas service schedules.

APPLICABLE:

To Customers in the State of Washington where the Company has natural gas service available. This schedule shall be applicable to all retail customers taking service under Schedules 101, 102, 111, 121, and 131. This Schedule (T) does not apply to Schedule 112, 122, 132, 146 customers (Transportation Service For Customer-Owned Gas) or Schedule 148 customers (Special Contracts). Applicable Customers will be segregated into two (2) distinct Rate Groups:

Group 1 – Schedule 101, 102 (T)
Group 2 – Schedules 111, 121, 131

MONTHLY RATE:

Group 1 – $0.02927 per therm (I)
Group 2 – $0.02108 per therm (I)

SCHEDULE 175E
DECOUPLING MECHANISM – NATURAL GAS

3% ANNUAL RATE INCREASE LIMITATION:

Following the application of the Earnings Test described above, the amount of the incremental proposed rate adjustment under this Schedule cannot reflect more than a 3% rate increase. This will be determined by dividing the incremental annual revenue to be collected (proposed surcharge revenue less present surcharge revenue) under this Schedule by the total "normalized" revenue for the two Rate Groups for the most recent January through December time period. Normalized revenue is determined by multiplying the weather-corrected usage for the period by the present rates in effect. If the incremental amount of the proposed surcharge exceeds 3%, only a 3% incremental rate increase will be proposed and any remaining deferred revenue will be carried over to the following year. There is no limit to the level of the decoupling rebate, (T)
and the reversal of any rebate rate would not be included in the 3% incremental (T)
surcharge test. (T)

OTHER CONDITIONS:

The Decoupling Mechanism will last for a five-year period, starting on January 1, 2015 and ending December 31, 2019.

A third-party evaluation of the electric mechanism will be completed following the end of the third full-year, and will be paid for by Avista.

ATTACHMENT A

Schedule 175

Annual Natural Gas Decoupling Rate Adjustment

Rate Calculation for November 1, 2016 – October 31, 2017

Avista Utilities
Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates
Effective November 1, 2016 - October 31, 2017

Residential Natural Gas

Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.04589	3.50%	
2	Oct-16	$5,470,378		
3	Nov-16	$4,812,946	$14,997	14,326,263
4	Dec-16	$3,860,515	$12,649	20,754,658
5	Jan-17	$2,874,988	$9,823	21,475,843
6	Feb-17	$2,072,902	$7,216	17,478,456
7	Mar-17	$1,392,959	$5,054	14,816,804
8	Apr-17	$986,359	$3,470	8,860,314
9	May-17	$760,785	$2,548	4,915,534
10	Jun-17	$630,836	$2,029	2,831,759
11	Jul-17	$529,529	$1,692	2,207,594
12	Aug-17	$438,140	$1,411	1,991,493
13	Sep-17	$322,777	$1,110	2,513,893
14	Oct-17	$289	$471	7,027,402
15	Annual Total		$62,469	119,200,013
16	Incremental Rate to Recover Estimated Interest		$0.00052	
17	Estimated Rate to Recover Deferral Balance		$0.04589	
18	Rate before Gross-up for Revenue-related items		$0.04641	
19	Times: Gross-up for Revenue-related items (3)		1.049318	
20	Preliminary Proposed Decoupling Rate		$0.04870	
21	3% Test Rate Adjustment (4)		($0.01943)	
22	Final Proposed Decoupling Rate		$0.02927	Surcharge Rate
23	Adjusted for Revenue Related Expenses		$0.02789	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		$2,261,112	

Notes Notes

(1) Deferral balance at the end of the month, Rate of $0.04589 to recover the October 2016 balance of $5,470,378 over 12 months. See page 2 of Attachment A for October 2016 balance calculation.

(2) Interest computed on average balance between beginning and end of month at the present FERC rate. The FERC interest rate is updated quarterly.
http://www.ferc.gov/enforcement/acct-matts/interest-rates.asp

(3) 2015 Commission Basis conversion factor, see page 7 of Attachment A.

(4) See pages 5 and 6 of Attachment A for earnings test and 3% test adjustment calculations.

(5) See page 2 of Attachment A for estimated carryover balance calculations.

Residential Natural Gas
Calculate Estimated Monthly Balances through October 2017

Line No.		Ending Balance	Interest 3.25% Q1 2016 3.46% Q2 2016 3.50% Q3 2016	Amortization
1	Dec-15	$5,317,198		
2	Earnings Sharing Adjustment	$0		
3	Adjusted December Balance	$5,317,198		
4	Jan-16	$5,331,599	$14,401	
5	Feb-16	$5,346,038	$14,440	
6	Mar-16	$5,360,517	$14,479	
7	Apr-16	$5,375,974	$15,456	
8	May-16	$5,391,474	$15,501	
9	Jun-16	$5,407,020	$15,545	
10	Jul-16	$5,422,790	$15,770	
11	Aug-16	$5,438,607	$15,816	
12	Sep-16	$5,454,469	$15,863	
13	**Oct-16**	**$5,470,378**	$15,909	
14	Nov-16	$5,086,191	$15,373	$399,559
15	Dec-16	$4,521,334	$13,991	$578,847
16	Jan-17	$3,934,687	$12,314	$598,961
17	Feb-17	$3,457,978	$10,765	$487,474
18	Mar-17	$3,054,220	$9,483	$413,241
19	Apr-17	$2,815,654	$8,548	$247,114
20	May-17	$2,686,572	$8,012	$137,094
21	Jun-17	$2,615,315	$7,721	$78,978
22	Jul-17	$2,561,284	$7,538	$61,570
23	Aug-17	$2,513,130	$7,389	$55,543
24	Sep-17	$2,450,245	$7,228	$70,112
25	**Oct-17**	**$2,261,112**	$6,861	$195,994
26	Total		$268,402	$3,324,488

Summary

27	2015 Deferred Revenue	$5,317,198
28	Less Earnings Sharing	$0
29	Add Interest through 10/31/2017	$268,402
30	Add Revenue Related Expense Adj.	$164,496
31	Total Requested Recovery	$5,750,096
32	Customer Surcharge Revenue	$3,488,984
33	Carryover Deferred Revenue	$2,261,112

Avista Utilities
Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates
Effective November 1, 2016 - October 31, 2017

Non-Residential Natural Gas

Line No.	Date		Unamortized Balance (1)	Interest (2)	Forecast Usage
1			0.03397	3.50%	
2		Oct-16	$1,786,769		
3		Nov-16	$1,567,794	$4,892	6,446,114
4		Dec-16	$1,299,195	$4,181	7,906,939
5		Jan-17	$1,030,556	$3,398	7,908,148
6		Feb-17	$805,110	$2,677	6,636,619
7		Mar-17	$612,741	$2,068	5,662,892
8		Apr-17	$487,154	$1,604	3,697,018
9		May-17	$407,288	$1,304	2,351,066
10		Jun-17	$347,910	$1,101	1,747,951
11		Jul-17	$289,920	$930	1,707,088
12		Aug-17	$229,153	$757	1,788,848
13		Sep-17	$154,804	$560	2,188,653
14		Oct-17	($103)	$226	4,560,128
15	Annual Total			$23,698	52,601,464
16	Incremental Rate to Recover Estimated Interest			$0.00045	
17	Estimated Rate to Recover Deferral Balance			$0.03397	
18	Rate before Gross-up for Revenue-related items			$0.03442	
19	Times: Gross-up for Revenue-related items (3)			1.049318	
20	Preliminary Proposed Decoupling Rate			$0.03612	
21	3% Test Rate Adjustment (4)			($0.01504)	
22	Final Proposed Decoupling Rate			$0.02108	Surcharge Rate
23	Adjusted for Revenue Related Expenses			$0.02009	Amortization Rate
24	Estimated Carryover Balance (5)			$770,314	

Notes Notes

(1) Deferral balance at the end of the month, Rate of $0.03397 to recover the October 2016 balance of $1,786,769 over 12 months. See page 4 of Attachment A for October 2016 balance calculation.

(2) Interest computed on average balance between beginning and end of month at the present FERC rate. The FERC interest rate is updated quarterly.
http://www.ferc.gov/enforcement/acct-matts/interest-rates.asp

(3) 2015 Commission Basis conversion factor, see page 7 of Attachment A.

(4) See pages 5 and 6 of Attachment A for earnings test and 3% test adjustment calculations.

(5) See page 4 of Attachment A for estimated carryover balance calculations.

Non-Residential Natural Gas
Calculate Estimated Monthly Balance through October 2017

Line No.		Ending Balance	Interest 3.25% Q1 2016 3.46% Q2 2016 3.50% Q3 2016	Amortization
1	Dec-15	$1,736,736		
2	Earnings Sharing Adjustment	$0		
3	Adjusted December Balance	$1,736,736		
4	Jan-16	$1,741,440	$4,704	
5	Feb-16	$1,746,156	$4,716	
6	Mar-16	$1,750,885	$4,729	
7	Apr-16	$1,755,934	$5,048	
8	May-16	$1,760,997	$5,063	
9	Jun-16	$1,766,074	$5,078	
10	Jul-16	$1,771,225	$5,151	
11	Aug-16	$1,776,391	$5,166	
12	Sep-16	$1,781,572	$5,181	
13	**Oct-16**	**$1,786,769**	$5,196	
14	Nov-16	$1,662,289	$5,023	$129,502
15	Dec-16	$1,508,055	$4,617	$158,850
16	Jan-17	$1,353,347	$4,167	$158,875
17	Feb-17	$1,223,770	$3,753	$133,330
18	Mar-17	$1,113,406	$3,403	$113,768
19	Apr-17	$1,042,272	$3,139	$74,273
20	May-17	$998,010	$2,971	$47,233
21	Jun-17	$965,754	$2,860	$35,116
22	Jul-17	$934,225	$2,767	$34,295
23	Aug-17	$900,960	$2,672	$35,938
24	Sep-17	$859,553	$2,564	$43,970
25	**Oct-17**	**$770,314**	$2,373	$91,613
26	Total		$90,341	$1,056,763

	Summary	
27	2015 Deferred Revenue	$1,736,736
28	Less Earnings Sharing	$0
29	Add Interest through 10/31/2017	$90,341
30	Add Revenue Related Expense Adj.	$52,075
31	Total Requested Recovery	$1,879,152
32	Customer Surcharge Revenue	$1,108,839
33	Carryover Deferred Revenue	$770,314

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2015 Deferrals

2015 Commission Basis Earnings Test for Decoupling

Line No.		Natural Gas	
1	Rate Base	$	272,971,000
2	Net Income	$	16,783,000
3	Calculated ROR		6.15%
4	Base ROR		7.32%
5	Excess ROR		-1.17%
6	Excess Earnings	$	-
7	Conversion Factor		0.619450
8	Excess Revenue (Excess Earnings/CF)	$	-
9	Sharing %		50%
10	2015 Total Earnings Test Sharing	$	-

Revenue From 2015 Normalized Loads and Customers at Present Billing Rates

11	Residential Revenue	$	116,284,996	75.88%
12	Non-Residential Revenue	$	36,958,137	24.12%
13	Total Normalized Revenue	$	153,243,133	100.00%
	Earnings Test Sharing Adjustment			
14	Residential	$	-	
15	Non-Residential	$	-	
16	Total	$	-	

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2015 Deferrals

3% Incremental Surcharge Test

Line No.			Natural Gas
	November 2016 - October 2017 Usage		
1	Residential		119,200,013
2	Non-Residential		52,601,464
	Proposed Decoupling Recovery Rates		
3	Residential		$0.04870
4	Non-Residential		$0.03612
	Present Decoupling Recovery Rates		
5	Residential		$0.00000
6	Non-Residential		$0.00000
	Incremental Decoupling Recovery Rates		
7	Residential		$0.04870
8	Non-Residential		$0.03612
9	Incremental Decoupling Recovery	$	7,705,005
10	Residential	$	5,805,041
11	Non-Residential	$	1,899,965
	Incremental Surcharge %		
12	Residential		**4.99%**
13	Non-Residential		**5.14%**
	3% Test Adjustment (1)		
14	Residential	$	(2,316,491)
15	Non-Residential	$	(791,221)
	3% Test Rate Adjustment		
16	Residential		-$0.01943
17	Non-Residential		-$0.01504
	Adjusted Proposed Decoupling Recovery Rates		
18	Residential		$0.02927
19	Non-Residential		$0.02108
20	Adjusted Incremental Decoupling Recovery		4,597,823
21	Residential		3,488,984
22	Non-Residential		1,108,839
	Adjusted Incremental Surcharge %		
23	Residential		**3.00%**
24	Non-Residential		**3.00%**

Notes

(1) The carryover balances will differ from the 3% adjustment amounts due to the revenue related expense gross up partially offset by additional interest on the outstanding balance during the amortization period.

AVISTA UTILITIES
Revenue Conversion Factor
Washington - Gas System
TWELVE MONTHS ENDED December 31, 2015

Line No.	Description	Factor
1	**Revenues**	1.000000
	Expense:	
2	Uncollectibles	0.006740
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038260
5	Total Expense	0.047000
6	Net Operating Income Before FIT	0.953000
7	Federal Income Tax @ 35%	0.333550
8	REVENUE CONVERSION FACTOR	0.619450
9	2015 Commission Basis Conversion Factor Gross Up Factor	1.049318

ATTACHMENT B

Schedule 175

Annual Natural Gas Decoupling Rate Adjustment

2015 Deferred Revenue Calculation

Avista Utilities

Natural Gas Decoupling Mechanism

Development of Natural Gas Deferrals (Calendar Year 2015)

Line No.		Source	Revised Jan-15	Revised Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	2015 Annual Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
	Residential Group														
1	Actual Customers	Revenue System	150,806	150,842	150,516	150,480	150,641	150,509	150,813	150,779	151,278	152,195	152,484	153,235	1,814,578
2	Monthly Decoupled Revenue per Customer	Appendix 5, Page 3	$48.14	$40.07	$34.22	$22.04	$12.28	$8.09	$5.88	$5.34	$6.97	$16.60	$33.14	$47.51	$23.39
3	Decoupled Revenue	(1) x (2)	$ 7,259,455	$ 6,044,750	$ 5,150,412	$ 3,316,991	$ 1,850,027	$ 1,217,448	$ 887,283	$ 804,478	$ 1,053,729	$ 2,526,755	$ 5,053,819	$ 7,279,921	$ 42,445,067
	Actual Usage	Revenue System	20,316,016	13,011,547	10,479,005	7,714,478	3,297,360	1,968,489	2,145,139	1,956,853	3,273,458	4,833,943	15,378,531	19,467,743	
4	Actual Base Rate Revenue (Excluding Gas Costs)	Revenue System	$ 9,163,509	$ 5,564,097	$ 5,529,316	$ 3,919,939	$ 2,352,553	$ 2,000,137	$ 2,133,781	$ 2,054,596	$ 2,453,090	$ 3,015,264	$ 6,697,840	$ 8,586,502	
5	Actual Fixed Charge Revenue	Revenue System	$ 1,357,254	$ 1,357,578	$ 1,354,644	$ 1,354,320	$ 1,355,769	$ 1,354,581	$ 1,386,104	$ 1,384,612	$ 1,386,467	$ 1,392,529	$ 1,390,608	$ 1,396,726	
6	Customer Decoupled Payments	(4) - (5)	$ 7,806,255	$ 4,206,519	$ 4,174,672	$ 2,565,619	$ 996,784	$ 645,556	$ 747,677	$ 669,984	$ 1,066,623	$ 1,622,735	$ 5,307,232	$ 7,189,776	$ 36,999,431
	Residential Revenue Per Customer Received		$51.76	$27.89	$27.74	$17.05	$6.62	$4.29	$4.96	$4.44	$7.05	$10.66	$34.81	$46.92	$20.39
7	Deferral - Surcharge (Rebate)	(3) - (6)	$ (546,800)	$ 1,838,231	$ 975,740	$ 751,372	$ 853,243	$ 571,893	$ 139,606	$ 134,493	$ (12,893)	$ 904,020	$ (253,413)	$ 90,145	$ 5,445,637
8	Deferral - Revenue Related Expenses	Rev Conv Factor	$ 24,495	$ (82,347)	$ (43,710)	$ (33,659)	$ (38,223)	$ (25,619)	$ (6,254)	$ (6,025)	$ 578	$ (40,497)	$ 11,352	$ (4,038)	$ (243,948)
		FERC Rate	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	
9	Interest on Deferral	Avg Balance Calc	$ (707)	$ 961	$ 4,604	$ 6,850	$ 8,944	$ 10,812	$ 11,762	$ 12,148	$ 12,338	$ 13,524	$ 14,403	$ 14,230	$ 109,869
	Monthly Residential Deferral Totals		**$ (523,012)**	**$ 1,756,845**	**$ 936,634**	**$ 724,563**	**$ 823,965**	**$ 557,086**	**$ 145,114**	**$ 140,617**	**$ 23**	**$ 877,047**	**$ (227,659)**	**$ 100,337**	**$ 5,311,558**
10	Cumulative Residential Deferral (Rebate)/Surcharge	Σ((7) ~ (9))	$ (523,012)	$ 1,233,833	$ 2,170,467	$ 2,895,030	$ 3,718,994	$ 4,276,080	$ 4,421,193	$ 4,561,810	$ 4,561,833	$ 5,438,880	$ 5,211,221	$ 5,311,558	
	Non-Residential Group														
11	Actual Customers	Revenue System	2,622	2,634	2,688	2,640	2,654	2,647	2,647	2,642	2,653	2,650	2,644	2,687	31,808
12	Monthly Decoupled Revenue per Customer	Appendix 5, Page 3	$642.24	$547.50	$491.15	$334.59	$208.08	$166.53	$142.15	$156.16	$211.99	$390.54	$557.51	$660.90	$375.97
13	Decoupled Revenue	(11) x (12)	$ 1,683,941	$ 1,442,114	$ 1,320,224	$ 883,310	$ 552,248	$ 440,796	$ 376,263	$ 412,584	$ 562,400	$ 1,034,936	$ 1,474,053	$ 1,775,834	$ 11,958,701
	Actual Usage	Revenue System	6,976,301	6,062,129	4,366,524	3,881,256	2,151,394	1,884,766	1,570,309	1,559,112	2,190,921	2,990,095	6,044,897	6,497,733	
14	Actual Base Rate Revenue (Excluding Gas Costs)	Revenue System	$ 1,739,453	$ 1,533,381	$ 1,343,015	$ 1,101,126	$ 700,533	$ 616,648	$ 549,119	$ 547,598	$ 686,637	$ 862,126	$ 1,566,029	$ 1,733,268	
15	Actual Fixed Charge Revenue	Revenue System	$ 231,552	$ 232,468	$ 237,297	$ 233,119	$ 234,209	$ 233,600	$ 234,360	$ 233,812	$ 235,201	$ 235,529	$ 234,164	$ 237,838	
16	Customer Decoupled Payments	(14) - (15)	$ 1,507,901	$ 1,300,913	$ 1,105,719	$ 868,007	$ 466,323	$ 383,048	$ 314,759	$ 313,786	$ 451,436	$ 626,596	$ 1,331,866	$ 1,495,430	$ 10,165,785
	Non-Residential Revenue Per Customer Received		$575.10	$493.89	$411.35	$328.79	$175.71	$144.71	$118.91	$118.77	$170.16	$236.45	$503.73	$556.54	$319.60
17	Deferral - Surcharge (Rebate)	(13) - (16)	$ 176,039	$ 141,201	$ 214,505	$ 15,303	$ 85,924	$ 57,748	$ 61,504	$ 98,798	$ 110,964	$ 408,339	$ 142,187	$ 280,404	$ 1,792,916
18	Deferral - Revenue Related Expenses	Rev Conv Factor	$ (7,886)	$ (6,325)	$ (9,609)	$ (686)	$ (3,849)	$ (2,587)	$ (2,755)	$ (4,426)	$ (4,971)	$ (18,292)	$ (6,370)	$ (12,561)	$ (80,317)
		FERC Rate	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	
19	Interest on Deferral	Avg Balance Calc	$ 228	$ 639	$ 1,101	$ 1,401	$ 1,535	$ 1,725	$ 1,884	$ 2,097	$ 2,374	$ 3,052	$ 3,772	$ 4,329	$ 24,137
	Monthly Non-Residential Deferral Totals		**$ 168,381**	**$ 135,514**	**$ 205,996**	**$ 16,018**	**$ 83,611**	**$ 56,886**	**$ 60,633**	**$ 96,469**	**$ 108,367**	**$ 393,099**	**$ 139,590**	**$ 272,172**	**$ 1,736,736**
20	Cumulative Non-Residential Deferral (Rebate)/Surcharge	Σ((17) ~ (19))	$ 168,381	$ 303,895	$ 509,892	$ 525,909	$ 609,520	$ 666,406	$ 727,040	$ 823,509	$ 931,876	$ 1,324,975	$ 1,464,565	$ 1,736,736	
21	Total Cumulative Natural Gas Deferral	(10) + (20)	$ (354,631)	$ 1,537,728	$ 2,680,358	$ 3,420,939	$ 4,328,514	$ 4,942,486	$ 5,148,233	$ 5,385,319	$ 5,493,708	$ 6,763,854	$ 6,675,786	$ 7,048,294	

UG-140189 Authorized Decoupling Base

Avista Utilities
Natural Gas Decoupling Mechanism
Development of Decoupled Revenue by Rate Schedule - Natural Gas

	TOTAL	RESIDENTIAL SCHEDULE 101	GENERAL SVC. SCH. 111	LG. GEN. SVC. SCH. 121	INTERRUPTIBLE SCH 131	SCHEDULES 112, 122, 132	SCHEDULES 146 & 148
1 Total Normalized 2015 Revenue (Appendix 2)	$ 153,075,000	$ 110,008,000	$ 34,391,000	$ 3,645,000	$ -	$ 1,055,000	$ 3,976,000
2 Settlement Revenue Increase (Appendix 2)	$ 8,500,000	$ 6,581,000	$ 1,515,000	$ 168,000	$ -	$ 56,000	$ 180,000
3 Total Rate Revenue (January 1, 2015)	$ 161,575,000	$ 116,589,000	$ 35,906,000	$ 3,813,000	$ -	$ 1,111,000	$ 4,156,000
4 Normalized Therms (2015 Rate Year)	247,662,972	117,011,207	46,256,893	5,507,204	-	1,721,574	77,166,094
5 PGA Rates		$ 0.49803	$ 0.49535	$ 0.47449	$ 0.44955		
6 Variable Gas Supply Revenue	$ 83,801,557	$ 58,275,091	$ 22,913,352	$ 2,613,113	$ -		
7 Delivery Revenue (Ln 3 - Ln 6)	$ 72,506,443	$ 58,313,909	$ 12,992,648	$ 1,199,887	$ -		
8 Customer Bills (2015 Rate Year)	1,833,425	1,802,235	30,276	305	0	48	561
9 Settlement Basic Charges		$9.00	$87.04	$215.24	$0.00		
10 Basic Charge Revenue (Ln 8 * Ln 9)	$ 18,920,986	$ 16,220,115	$ 2,635,223	$ 65,648	$ -		
11 Decoupled Revenue	$ 53,585,457	$ 42,093,794	$ 10,357,425	$ 1,134,239	$ -	Excluded From Decoupling	

	Residential	Non-Residential Group
12 Average Number of Customers (Line 8 / 12)	150,186	2,548
13 Annual Therms	117,011,207	51,764,097
14 Basic Charge Revenues	$ 16,220,115	$ 2,700,871
15 Customer Bills	1,802,235	30,581
16 Average Basic Charge	$9.00	$88.32

APPENDIX 5, Page 1
ATTACHMENT B

UG-140189 Authorized Decoupling Base

Avista Utilities
Natural Gas Decoupling Mechanism
Development of Decoupled Revenue Per Customer - Natural Gas

Line No.		Source	Residential	Non-Residential Schedules*
	(a)	(b)	(c)	(d)
1	Decoupled Revenues	Appendix 5, Page 1	$ 42,093,794	$ 11,491,664
2	Rate Year # of Customers 2015	Revenue Data	150,186	2,548
3	Decoupled Revenue Per Customer	(1) / (2)	$ 280.28	$ 4,509.33

*Sales Schedules 111, 121, 131.

APPENDIX 5, Page 2
ATTACHMENT B

UG-140189 Authorized Decoupling Base

Avista Utilities
Natural Gas Decoupling Mechanism
'Development of Monthly Decoupled Revenue Per Customer - Natural Gas

Line No.		Source	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1															
2	**Natural Gas Delivery Volume**														
3	*Residential*														
4	- Weather-Normalized Therm Delivery Volume	Monthly Rate Year	20,096,515	16,729,826	14,285,474	9,202,394	5,127,082	3,376,941	2,456,171	2,227,453	2,907,962	6,931,034	13,836,643	19,833,713	117,011,207
5	- % of Annual Total	% of Total	17.17%	14.30%	12.21%	7.86%	4.38%	2.89%	2.10%	1.90%	2.49%	5.92%	11.83%	16.95%	100.00%
6															
7	*Non-Residential Sales**														
8	- Weather-Normalized Therm Delivery Volume	Monthly Rate Year	7,372,432	6,284,928	5,638,128	3,840,835	2,388,634	1,911,614	1,631,753	1,792,654	2,433,461	4,483,160	6,399,826	7,586,671	51,764,097
9	- % of Annual Total	% of Total	14.24%	12.14%	10.89%	7.42%	4.61%	3.69%	3.15%	3.46%	4.70%	8.66%	12.36%	14.66%	100.00%
10															
11	**Monthly Decoupled Revenue Per Customer ("RPC")**														
12	*Residential*														
13	- 2015 Decoupled RPC	Appendix 5, P. 2 L. 3													$ 280.28
14	- 2015 Monthly Decoupled RPC	(5) x (13)	$ 48.14	$ 40.07	$ 34.22	$ 22.04	$ 12.28	$ 8.09	$ 5.88	$ 5.34	$ 6.97	$ 16.60	$ 33.14	$ 47.51	$ 280.28
15															
16	*Non-Residential Sales**														
17	- 2015 Decoupled RPC	Appendix 5, P. 2 L. 3													$ 4,509.33
18	- 2015 Monthly Decoupled RPC	(9) x (17)	$ 642.24	$ 547.50	$ 491.15	$ 334.59	$ 208.08	$ 166.53	$ 142.15	$ 156.16	$ 211.99	$ 390.54	$ 557.51	$ 660.90	$ 4,509.33
19															
20	*Sales Schedules 111, 121, 131.														

APPENDIX 5, Page 3
ATTACHMENT B

Avista Corp.
1411 East Mission P.O. Box 3727
Spokane. Washington 99220-3727
Telephone 509-489-0500
Toll Free 800-727-9170

AVISTA Corp.

October 7, 2016

Mr. Steven King, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive, S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

Docket No. UG-160968

Re: Tariff WN U-29, Natural Gas Service
Natural Gas Decoupling Rate Adjustment

Dear Mr. King:

On August 31, 2016, Avista filed it Natural Gas Decoupling Rate Adjustment in compliance with the Commission's Order No. 05 in Docket No. UG-140189. Since that time, Commission Staff has reviewed the Company's filing and has suggested several changes. More specifically, Staff has proposed changes to the interest calculation contained within Attachment A to the Company's filing, as well as the effect of revenue sensitive expenses on the earnings sharing amount. The Company agrees with Staff's proposed modifications, and therefore is including in this filing an updated Attachment A. In the end, the agreed-upon modifications did not otherwise affect the proposed rates contained within the originally filed tariffs in this docket.

The Company has also has provided in this filing a copy of its customer notice which was distributed to customers in September. The Company inadvertently did not include a copy of the notice in its original filing. Please direct any questions on this matter to Tara Knox, Senior Regulatory Analyst at (509) 495-4325 or myself at (509) 495-8620.

Sincerely,

Patrick Ehrbar
Senior Manager, Rates and Tariffs

Enclosures

Important Notice for Washington Electric and Natural Gas Customers

(Sept. 2016)

Proposed Rate Adjustments Filed to be Effective Nov. 1, 2016

Avista has filed three annual rate adjustment requests with the Washington Utilities and Transportation Commission (UTC or Commission), with a requested effective date of Nov. 1, 2016.

The **first** rate adjustment is the annual Purchased Gas Cost Adjustment (PGA). The PGA is filed each year to balance the actual cost of wholesale natural gas purchased by Avista to serve customers with the amount included in rates. This includes the natural gas commodity cost as well as the cost to transport natural gas on interstate pipelines to Avista's local distribution system. If approved, the request is designed to decrease Avista's natural gas revenues by $12.8 million or 8.0 percent.

The **second** rate adjustment is related to the Bonneville Power Administration (BPA) Residential Exchange Program. The Residential Exchange Program provides a share of the benefits of the federal Columbia River power system to the residential and small farm electric customers of the investor-owned utilities in the Pacific Northwest, including Avista. Avista applies the benefits it receives, which typically fluctuate from year to year, to customers as a credit in their monthly electric rates. The benefit Avista will receive from BPA starting in October 2016 will result in a higher level of benefits than is currently being passed through to qualifying customers. As a result of the higher level of benefits, the proposed rate decrease for residential and small farm customers is designed to decrease revenues by approximately $0.6 million, or an overall decrease of approximately 0.1 percent.

The **third** rate adjustment is related to electric and natural gas decoupling. Decoupling is a mechanism designed to break the link between a utility's revenues and customers' energy usage. Generally, Avista's electric and natural gas revenues are adjusted each month based on the number of customers, rather than kilowatt hour and therm sales. The difference between revenues based on sales and revenues based on the number of customers is surcharged or

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rebated to customers beginning in the following year. For electric operations, the rate adjustment is designed to increase revenues by $3.4 million, or 0.7 percent. For natural gas operations, the rate adjustment is designed to increase revenues by $4.6 million, or 2.9 percent. These rate adjustments are driven primarily by a lower level of customer usage in 2015 due in part to a warmer than normal winter.

Change in Rates - As a result of the filings, residential electric customers in Washington using an average of 957 kilowatt hours per month would see their monthly bills change from $83.91 to $86.19, an increase of $2.28 per month, or approximately 2.7 percent. Residential natural gas customer using an average of 66 therms per month would see their monthly bills change from $61.85 to $58.81, a decrease of $3.04 per month, or approximately 4.9 percent.

If approved, customers would see the following rate adjustments:

Electric

Residential Service - Schedule 1	2.7%
General Service - Schedules 11 & 12	-1.2%
Large General Service - Schedules 21 & 22	-1.5%
Extra Large General Service - Schedule 25	0.0%
Pumping Service - Schedules 31 & 32	-1.5%
Street & Area Lights - Schedules 41-48	0.0%

Natural Gas

General Service - Schedule 101	-4.8%
Large General Service - Schedule 111	-6.5%
Ex. Large General Service - Schedule 121	-4.9%
Interruptible Sales Service - Schedule 131	-1.7%
Transportation Service - Schedule 146	0.0%

Avista's requests are proposals, subject to public review and a Commission decision. You may contact the UTC at the following address: UTC, 1300 S. Evergreen Park Drive S.W., P.O. Box 47250, Olympia, WA 98504-7250; or by e-mail at: comments@utc.wa.gov. Copies of the applications are available for public review at the offices of the Commission and Avista, as well as on our website at **avistautilities.com/rates.**

To help customers proactively manage their energy use, Avista offers a number of energy efficiency programs, energy-saving information, rebates and incentives. Avista also provides energy assistance programs and payment options for qualifying customers. Information about these customer programs and options is available at **avistautilities.com.**

AVA204i

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AVA204i

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Updated
ATTACHMENT A

Schedule 175

Annual Natural Gas Decoupling Rate Adjustment

Rate Calculation for November 1, 2016 – October 31, 2017

Avista Utilities

Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates

Effective November 1, 2016 - October 31, 2017

Residential Natural Gas

Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.04589	3.50%	
2	Oct-16	$5,470,378		
3	Nov-16	$4,827,942	$14,997	14,326,263
4	Dec-16	$3,888,204	$12,693	20,754,658
5	Jan-17	$2,912,581	$9,903	21,475,843
6	Feb-17	$2,117,820	$7,325	17,478,456
7	Mar-17	$1,443,062	$5,185	14,816,804
8	Apr-17	$1,040,078	$3,616	8,860,314
9	May-17	$817,209	$2,705	4,915,534
10	Jun-17	$689,453	$2,194	2,831,759
11	Jul-17	$590,010	$1,863	2,207,594
12	Aug-17	$500,208	$1,588	1,991,493
13	Sep-17	$386,136	$1,291	2,513,893
14	Oct-17	$64,305	$656	7,027,402
15	Annual Total		$64,015	119,200,013
16	Incremental Rate to Recover Estimated Interest		$0.00054	
17	Estimated Rate to Recover Deferral Balance		$0.04589	
18	Rate before Gross-up for Revenue-related items		$0.04643	
19	Times: Gross-up for Revenue-related items (3)		1.049318	
20	Preliminary Proposed Decoupling Rate		$0.04872	
21	3% Test Rate Adjustment (4)		($0.01945)	
22	Final Proposed Decoupling Rate		$0.02927	Surcharge Rate
23	Adjusted for Revenue Related Expenses		$0.02789	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		$2,261,112	

Notes Notes

(1) Deferral balance at the end of the month, Rate of $0.04589 to recover the October 2016 balance of $5,470,378 over 12 months. See page 2 of Attachment A for October 2016 balance calculation.

(2) Interest computed on average balance between beginning and end of month at the present FERC rate. The FERC interest rate is updated quarterly.
http://www.ferc.gov/enforcement/acct-matts/interest-rates.asp

(3) 2015 Commission Basis conversion factor, see page 7 of Attachment A.

(4) See pages 5 and 6 of Attachment A for earnings test and 3% test adjustment calculations.

(5) See page 2 of Attachment A for estimated carryover balance calculations.

Residential Natural Gas

Calculate Estimated Monthly Balances through October 2017

Line No.		Ending Balance	Interest 3.25% Q1 2016 3.46% Q2 2016 3.50% Q3 2016	Amortization
1	Dec-15	$5,317,198		
2	Earnings Sharing Adjustment	$0		
3	Adjusted December Balance	$5,317,198		
4	Jan-16	$5,331,599	$14,401	
5	Feb-16	$5,346,038	$14,440	
6	Mar-16	$5,360,517	$14,479	
7	Apr-16	$5,375,974	$15,456	
8	May-16	$5,391,474	$15,501	
9	Jun-16	$5,407,020	$15,545	
10	Jul-16	$5,422,790	$15,770	
11	Aug-16	$5,438,607	$15,816	
12	Sep-16	$5,454,469	$15,863	
13	**Oct-16**	**$5,470,378**	$15,909	
14	Nov-16	$5,086,191	$15,373	$399,559
15	Dec-16	$4,521,334	$13,991	$578,847
16	Jan-17	$3,934,687	$12,314	$598,961
17	Feb-17	$3,457,978	$10,765	$487,474
18	Mar-17	$3,054,220	$9,483	$413,241
19	Apr-17	$2,815,654	$8,548	$247,114
20	May-17	$2,686,572	$8,012	$137,094
21	Jun-17	$2,615,315	$7,721	$78,978
22	Jul-17	$2,561,284	$7,538	$61,570
23	Aug-17	$2,513,130	$7,389	$55,543
24	Sep-17	$2,450,245	$7,228	$70,112
25	**Oct-17**	**$2,261,112**	$6,861	$195,994
26	Total		$268,402	$3,324,488

	Summary	
27	2015 Deferred Revenue	$5,317,198
28	Less Earnings Sharing	$0
29	Add Interest through 10/31/2017	$268,402
30	Add Revenue Related Expense Adj.	$164,496
31	Total Requested Recovery	$5,750,096
32	Customer Surcharge Revenue	$3,488,984
33	Carryover Deferred Revenue	$2,261,112

Avista Utilities

Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates

Effective November 1, 2016 - October 31, 2017

Non-Residential Natural Gas

Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.03397	3.50%	
2	Oct-16	$1,786,769		
3	Nov-16	$1,572,686	$4,892	6,446,114
4	Dec-16	$1,308,283	$4,195	7,906,939
5	Jan-17	$1,043,067	$3,424	7,908,148
6	Feb-17	$820,335	$2,714	6,636,619
7	Mar-17	$630,078	$2,112	5,662,892
8	Apr-17	$506,145	$1,655	3,697,018
9	May-17	$427,639	$1,360	2,351,066
10	Jun-17	$369,422	$1,161	1,747,951
11	Jul-17	$312,425	$993	1,707,088
12	Aug-17	$252,481	$823	1,788,848
13	Sep-17	$178,760	$628	2,188,653
14	Oct-17	$24,148	$295	4,560,128
15	Annual Total		$24,251	52,601,464
16	Incremental Rate to Recover Estimated Interest		$0.00046	
17	Estimated Rate to Recover Deferral Balance		$0.03397	
18	Rate before Gross-up for Revenue-related items		$0.03443	
19	Times: Gross-up for Revenue-related items (3)		1.049318	
20	Preliminary Proposed Decoupling Rate		$0.03613	
21	3% Test Rate Adjustment (4)		($0.01505)	
22	Final Proposed Decoupling Rate		$0.02108	Surcharge Rate
23	Adjusted for Revenue Related Expenses		$0.02009	Amortization Rate
24	Estimated Carryover Balance (5)		$770,314	

Notes Notes

(1) Deferral balance at the end of the month, Rate of $0.03397 to recover the October 2016 balance of $1,786,769 over 12 months. See page 4 of Attachment A for October 2016 balance calculation.

(2) Interest computed on average balance between beginning and end of month at the present FERC rate. The FERC interest rate is updated quarterly. http://www.ferc.gov/enforcement/acct-matts/interest-rates.asp

(3) 2015 Commission Basis conversion factor, see page 7 of Attachment A.

(4) See pages 5 and 6 of Attachment A for earnings test and 3% test adjustment calculations.

(5) See page 4 of Attachment A for estimated carryover balance calculations.

Non-Residential Natural Gas

Calculate Estimated Monthly Balance through October 2017

Line No.		Ending Balance	Interest 3.25% Q1 2016 3.46% Q2 2016 3.50% Q3 2016	Amortization
1	Dec-15	$1,736,736		
2	Earnings Sharing Adjustment	$0		
3	Adjusted December Balance	$1,736,736		
4	Jan-16	$1,741,440	$4,704	
5	Feb-16	$1,746,156	$4,716	
6	Mar-16	$1,750,885	$4,729	
7	Apr-16	$1,755,934	$5,048	
8	May-16	$1,760,997	$5,063	
9	Jun-16	$1,766,074	$5,078	
10	Jul-16	$1,771,225	$5,151	
11	Aug-16	$1,776,391	$5,166	
12	Sep-16	$1,781,572	$5,181	
13	**Oct-16**	**$1,786,769**	$5,196	
14	Nov-16	$1,662,289	$5,023	$129,502
15	Dec-16	$1,508,055	$4,617	$158,850
16	Jan-17	$1,353,347	$4,167	$158,875
17	Feb-17	$1,223,770	$3,753	$133,330
18	Mar-17	$1,113,406	$3,403	$113,768
19	Apr-17	$1,042,272	$3,139	$74,273
20	May-17	$998,010	$2,971	$47,233
21	Jun-17	$965,754	$2,860	$35,116
22	Jul-17	$934,225	$2,767	$34,295
23	Aug-17	$900,960	$2,672	$35,938
24	Sep-17	$859,553	$2,564	$43,970
25	**Oct-17**	**$770,314**	$2,373	$91,613
26	Total		$90,341	$1,056,763
	Summary			
27	2015 Deferred Revenue	$1,736,736		
28	Less Earnings Sharing	$0		
29	Add Interest through 10/31/2017	$90,341		
30	Add Revenue Related Expense Adj.	$52,075		
31	Total Requested Recovery	$1,879,152		
32	Customer Surcharge Revenue	$1,108,839		
33	Carryover Deferred Revenue	$770,314		

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2015 Deferrals

2015 Commission Basis Earnings Test for Decoupling

Line No.		Natural Gas
1	Rate Base	$ 272,971,000
2	Net Income	$ 16,783,000
3	Calculated ROR	6.15%
4	Base ROR	7.32%
5	Excess ROR	-1.17%
6	Excess Earnings	$ -
7	Conversion Factor	0.619450
8	Excess Revenue (Excess Earnings/CF)	$ -
9	Sharing %	50%
10	2015 Total Earnings Test Sharing	**$ -**

Revenue From 2015 Normalized Loads and Customers at Present Billing Rates

11	Residential Revenue	$ 116,284,996	75.88%
12	Non-Residential Revenue	$ 36,958,137	24.12%
13	Total Normalized Revenue	$ 153,243,133	100.00%

	Earnings Test Sharing Adjustment	Gross Revenue Adjustment	Net of Revenue Related Expenses
14	Residential	$ -	$ -
15	Non-Residential	$ -	$ -
16	Total	$ -	

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2015 Deferrals

3% Incremental Surcharge Test

Line No.			Natural Gas
	November 2016 - October 2017 Usage		
1	Residential		119,200,013
2	Non-Residential		52,601,464
	Proposed Decoupling Recovery Rates		
3	Residential		$0.04872
4	Non-Residential		$0.03613
	Present Decoupling Recovery Rates		
5	Residential		$0.00000
6	Non-Residential		$0.00000
	Incremental Decoupling Recovery Rates		
7	Residential		$0.04872
8	Non-Residential		$0.03613
9	Incremental Decoupling Recovery	$	7,707,916
10	Residential	$	5,807,425
11	Non-Residential	$	1,900,491
	Incremental Surcharge %		
12	Residential		**4.99%**
13	Non-Residential		**5.14%**
	3% Test Adjustment (1)		
14	Residential	$	(2,318,875)
15	Non-Residential	$	(791,747)
	3% Test Rate Adjustment		
16	Residential		-$0.01945
17	Non-Residential		-$0.01505
	Adjusted Proposed Decoupling Recovery Rates		
18	Residential		$0.02927
19	Non-Residential		$0.02108
20	Adjusted Incremental Decoupling Recovery		4,597,823
21	Residential		3,488,984
22	Non-Residential		1,108,839
	Adjusted Incremental Surcharge %		
23	Residential		**3.00%**
24	Non-Residential		**3.00%**

Notes
(1) The carryover balances will differ from the 3% adjustment amounts due to the revenue related expense gross up partially offset by additional interest on the outstanding balance during the amortization period.

AVISTA UTILITIES

Revenue Conversion Factor

Washington - Gas System

TWELVE MONTHS ENDED December 31, 2015

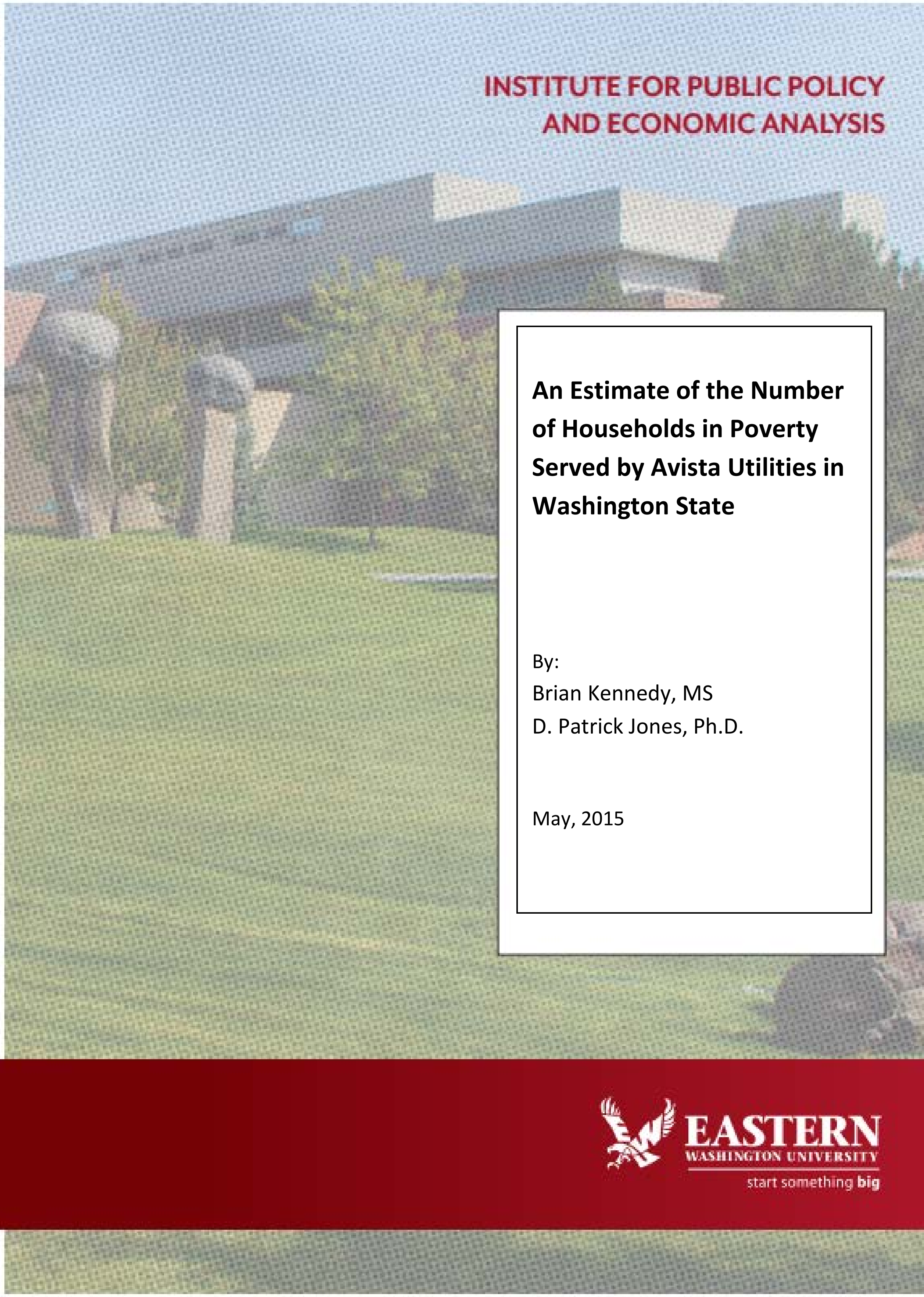
Line No.	Description	Factor
1	**Revenues**	1.000000
	Expense:	
2	Uncollectibles	0.006740
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038260
5	Total Expense	0.047000
6	Net Operating Income Before FIT	0.953000
7	Federal Income Tax @ 35%	0.333550
8	REVENUE CONVERSION FACTOR	0.619450
9	2015 Commission Basis Conversion Factor Gross Up Factor	1.049318

AVISTA

Request for Proposals

RFP No. R -41321

Attachment G - An Estimate of the Number of Households in Poverty Served by Avista Utilities in Washington State



INSTITUTE FOR PUBLIC POLICY AND ECONOMIC ANALYSIS

An Estimate of the Number of Households in Poverty Served by Avista Utilities in Washington State

By:
Brian Kennedy, MS
D. Patrick Jones, Ph.D.

May, 2015

EASTERN WASHINGTON UNIVERSITY
start something big

An Estimate of the Number of Households Served by Avista Utilities in Washington State in Poverty

By

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May, 2015

For SNAP, Spokane, Washington

SNAP has requested that EWU's Institute of Public Policy & Economic Analysis (the Institute) estimate the number of residential customers of Avista Utility in the state of Washington who live at various levels of poverty. The Avista service territory in the state includes the following counties, ranked by customer count: Spokane, Stevens, Whitman, Asotin, Adams, Lincoln, Klickitat, Skamania, Franklin and Grant.

Since Avista's billing records do not contain information of household income, an additional source was needed. Census, in particular, the American Community Survey, provided this information. Due to the wide variation of incomes within many counties, Institute analysts opted to examine poverty at the smallest level of geography easily available to us, the census tract. A census tract is a unit of measure typically encompassing 4,000 to 8,000 people. While there is undoubtedly some variation of incomes within census tracts, it is undeniably less than at the county level, especially for counties such as Spokane and Stevens.

The first step in the analysis was to learn which census tracts fall into Avista's Washington service territory. Per request, the GIS department of Avista geocoded all their Washington residential customers by census tract and sent the Institute a summary of all tracts with at last one residential household as customers and the customer count. (Thank you, Allen Cousins and Robert Cloward.) The tracts numbered 147.

The remaining steps employed the most recent estimates of households in each census tract. At this level of geography, Census provides 5-year rolling estimates and the most recent period covered 2009-2013. A ratio was developed for each census tract, showing the estimated share of Avista residential customers (households) in the tract. Within each tract, this share was then applied to a count of households with income at or below five levels of the Federal Poverty Level (FPL): 50%, 125%, 150%, 185% and 200%.

The FPL varies by the size of the family, although not by location. Counted are all forms of monetary income, including transfer payments, unemployment compensation and alimony. Not counted, however, are noncash benefits from federal or state programs, such as food stamps, housing subsidies, or Medicaid payments? FPL thresholds increase every year, in direct proportion to the national CPI. For 2013, the (100%) FPLs for various family sizes, assuming adults under the age of 65, were:

- One adult: $12,119
- Two adults: $15,600
- Two adults and one child: $18,751
- Two adults and two children: $23,624

A five year average for these years would produce lower thresholds.

Once all calculations had been done for each FPL within each tract, the tracts were rolled up into county totals for each of the five FPLs. These are given in the following tables in the shaded column.

For some counties – Asotin, Stevens and Whitman – the household estimate was lower than the Avista county roll. In all but one case, however, the Avista count was less than the upper bound of the ACS estimate. For the case where the Avista count exceeded the upper bound of the confidence interval of the relevant total household estimate, Stevens County, Institute analysts opted to use the Avista number, as it comes from administrative records.

In a further step, Institute analysts expressed the estimated number of Avista customers (households) at or below a given FPL as a share of all Avista customers. These shares are given by county by FPL in the right-hand column of each table. As one observe, there is substantial variation among the counties of the incidence of poverty among Avista customers. One should, however, treat the results for Whitman County with caution, since poverty rates are typically higher in counties with a substantial percentage of the population who are students living off-campus. This would seem to apply to the Pullman area and to a lesser degree, Spokane.

With these qualifications, one can observe that the estimate of the total number of Avista customers living at or below the 50%, 125%, 150%, 185% & 200% of the FPL were: **18,624**, **51,130**, **62,946**, **79,285** and **85,159**, respectively. We emphasize that these counts are not of people, but of households. With the exception of Whitman, average household size for all counties is around 2.5. Consequently, the people count of those living at or below certain FPLs is much higher.

Beyond the following tables, this report contains an appendix of maps of the estimated distribution of Avista-served households for the geographies considered, by the five FPLs. These maps offer the detail of within-county, or in some case, within-counties, variation of poverty, using census tracts as the base unit. Due to the small presence of Avista in several counties, some of the maps consolidate two or more counties.

The maps break out the distribution of households living at or below certain levels of poverty within each census tract into eight brackets. Colors in yellows to red indicate an increasing higher percentage; colors light green to dark green connote a decreasing percentage of poverty. As one case readily observe, for those maps portraying the distribution at or below the 50% FPL, most census tracts contain small percentages. The results vary by county or county grouping, however. For Spokane County, 17 census tracts have at least 12.6% of the households living at or below that FPL. In Ferry and Stevens counties, three of thirteen census tracts fall into that category. There is but one census tract in the counties of Adams, Franklin, Grant and Lincoln served by Avista at this FPL; similarly, in the two census tracts of relevance in Klickitat and Skamania counties, none shows up in this look at household poverty.

In contrast, an examination of the incidence of household poverty measured at the 200% FPL reveals few census tracts in any of the counties escape the presence of some poverty. For Spokane, one can find only five with shares in the lowest bracket (0.1-12.5%). For Ferry and Stevens counties, not one tract falls into this low incidence bracket. In the counties covered in south central Washington, only one tract (Lincoln County) shows the lowest incidence of poverty. Finally, neither one of the two census tracts in Klickitat and Skamania Counties demonstrates a low incidence at the 200% FPL.

In general, poverty is concentrated when measured at the most acute measurement levels. At the broadest level (200% FPL), however, very few census tracts escape having a non-trivial percentage of their households in poverty.

Table 1. Estimates of the Number of Households in Avista's Service Area at or Below 50% FPL

County	American Community Survey Estimated Households	Total Avista Customers (Households)	Estimated Avista Customers: 50% of Poverty Limit	Estimated Share of Avista Customers: 50% Poverty Limit
Adams	5,747	4,540	518	11.4%
Asotin	9,052	9,294	393	4.2%
Ferry	1,669	1,630	197	12.1%
Franklin	2,683	167	14	8.5%
Grant	1,163	10	0	4.6%
Klickitat	3,656	763	67	8.8%
Lincoln	4,463	3,462	180	5.2%
Skamania	764	320	26	8.2%
Spokane	186,259	169,287	12,000	7.1%
Stevens	17,569	19,972	1,584	7.9%
Whitman	16,630	17,437	3,644	20.9%
Total	**249,657**	**226,882**	**18,624**	**8.2%**

Table 2. Estimates of the Number of Households in Avista's Service Area at or Below 125% FPL

County	American Community Survey Estimated Households	Total Avista Customers (Households)	Estimated Avista Customers: 125% of Poverty Limit	Estimated Share of Avista Customers: 125% Poverty Limit
Adams	5,747	4,540	1,425	31.4%
Asotin	9,052	9,294	1,835	19.7%
Ferry	1,669	1,630	480	29.4%
Franklin	2,683	167	47	28.1%
Grant	1,163	10	3	26.6%
Klickitat	3,656	763	229	30.1%
Lincoln	4,463	3,462	714	20.6%
Skamania	764	320	66	20.7%
Spokane	186,259	169,287	35,070	20.7%
Stevens	17,569	19,972	4,596	23.0%
Whitman	16,630	17,437	6,665	38.2%
Total	**249,657**	**226,882**	**51,130**	**22.5%**

Table 3. Estimates of the Number of Households in Avista's Service Area at or Below 150% FPL

County	American Community Survey Estimated Households	Total Avista Customers (Households)	Estimated Avista Customers: 150% of Poverty Limit	Estimated Share of Avista Customers: 150% Poverty Limit
Adams	5,747	4,540	1,692	37.3%
Asotin	9,052	9,294	2,264	24.4%
Ferry	1,669	1,630	667	40.9%
Franklin	2,683	167	61	36.7%
Grant	1,163	10	3	32.1%
Klickitat	3,656	763	263	34.5%
Lincoln	4,463	3,462	866	25.0%
Skamania	764	320	82	25.6%
Spokane	186,259	169,287	43,613	25.8%
Stevens	17,569	19,972	6,113	30.6%
Whitman	16,630	17,437	7,322	42.0%
Total	**249,657**	**226,882**	**62,946**	**27.7%**

Table 4. Estimates of the Number of Households in Avista's Service Area at or Below 185% FPL

County	American Community Survey Estimated Households	Total Avista Customers (Households)	Estimated Avista Customers: 185% of Poverty Limit	Estimated Share of Avista Customers: 185% Poverty Limit
Adams	5,747	4,540	2,046	45.1%
Asotin	9,052	9,294	3,102	33.4%
Ferry	1,669	1,630	783	48.0%
Franklin	2,683	167	78	46.7%
Grant	1,163	10	4	40.8%
Klickitat	3,656	763	345	45.2%
Lincoln	4,463	3,462	1,102	31.8%
Skamania	764	320	91	28.6%
Spokane	186,259	169,287	55,279	32.7%
Stevens	17,569	19,972	8,079	40.5%
Whitman	16,630	17,437	8,375	48.0%
Total	**249,657**	**226,882**	**79,285**	**34.9%**

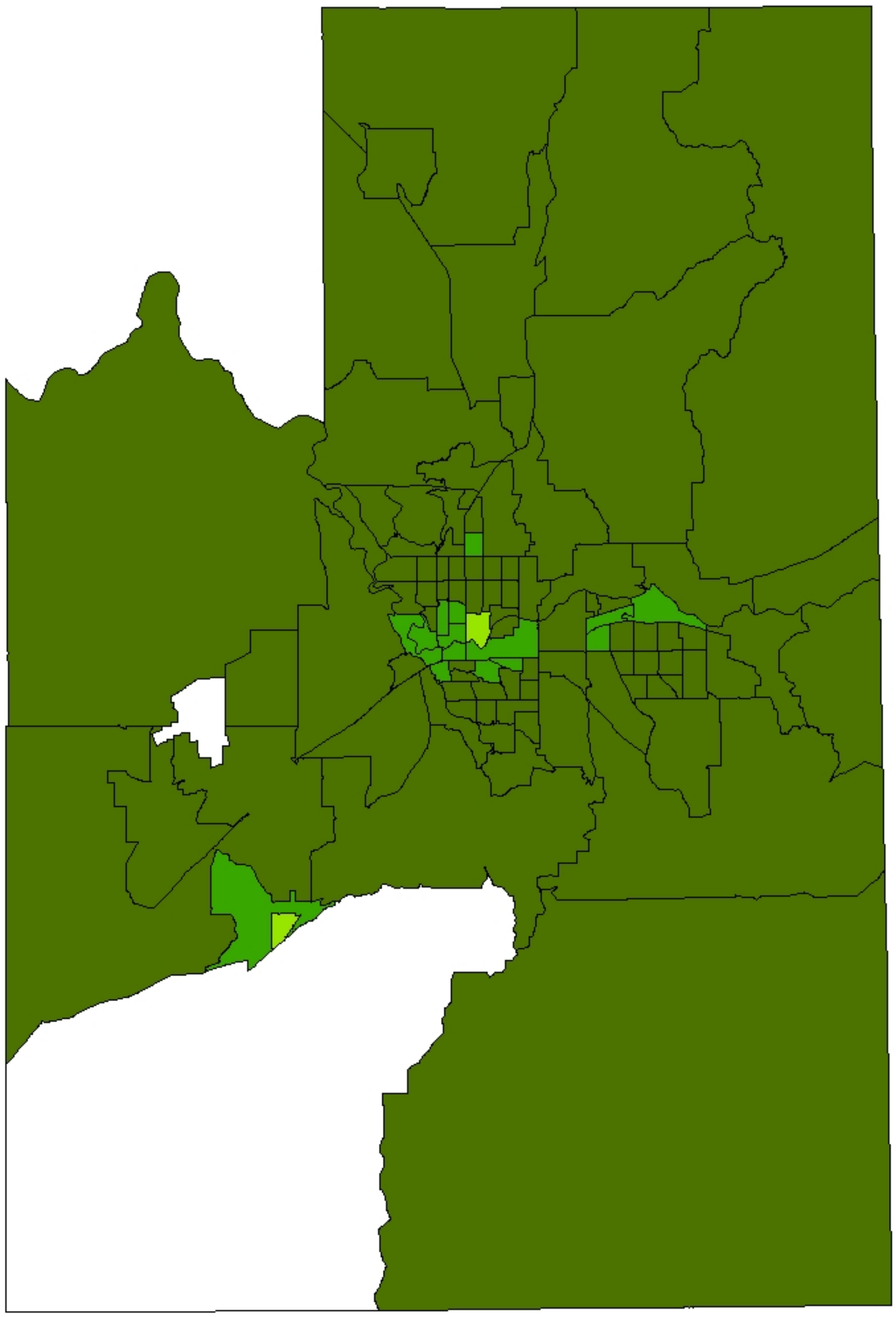
Table 5. Estimates of the Number of Households in Avista's Service Area at or Below 200% FPL

County	American Community Survey Estimated Households	Total Avista Customers (Households)	Estimated Avista Customers: 200% of Poverty Limit	Estimated Share of Avista Customers: 200% Poverty Limit
Adams	5,747	4,540	2,310	50.9%
Asotin	9,052	9,294	3,488	37.5%
Ferry	1,669	1,630	813	49.9%
Franklin	2,683	167	85	51.1%
Grant	1,163	10	5	49.8%
Klickitat	3,656	763	376	49.2%
Lincoln	4,463	3,462	1,242	35.9%
Skamania	764	320	100	31.3%
Spokane	186,259	169,287	59,532	35.2%
Stevens	17,569	19,972	8,412	42.1%
Whitman	16,630	17,437	8,796	50.4%
Total	**249,657**	**226,882**	**85,159**	**37.5%**

Apendix A.

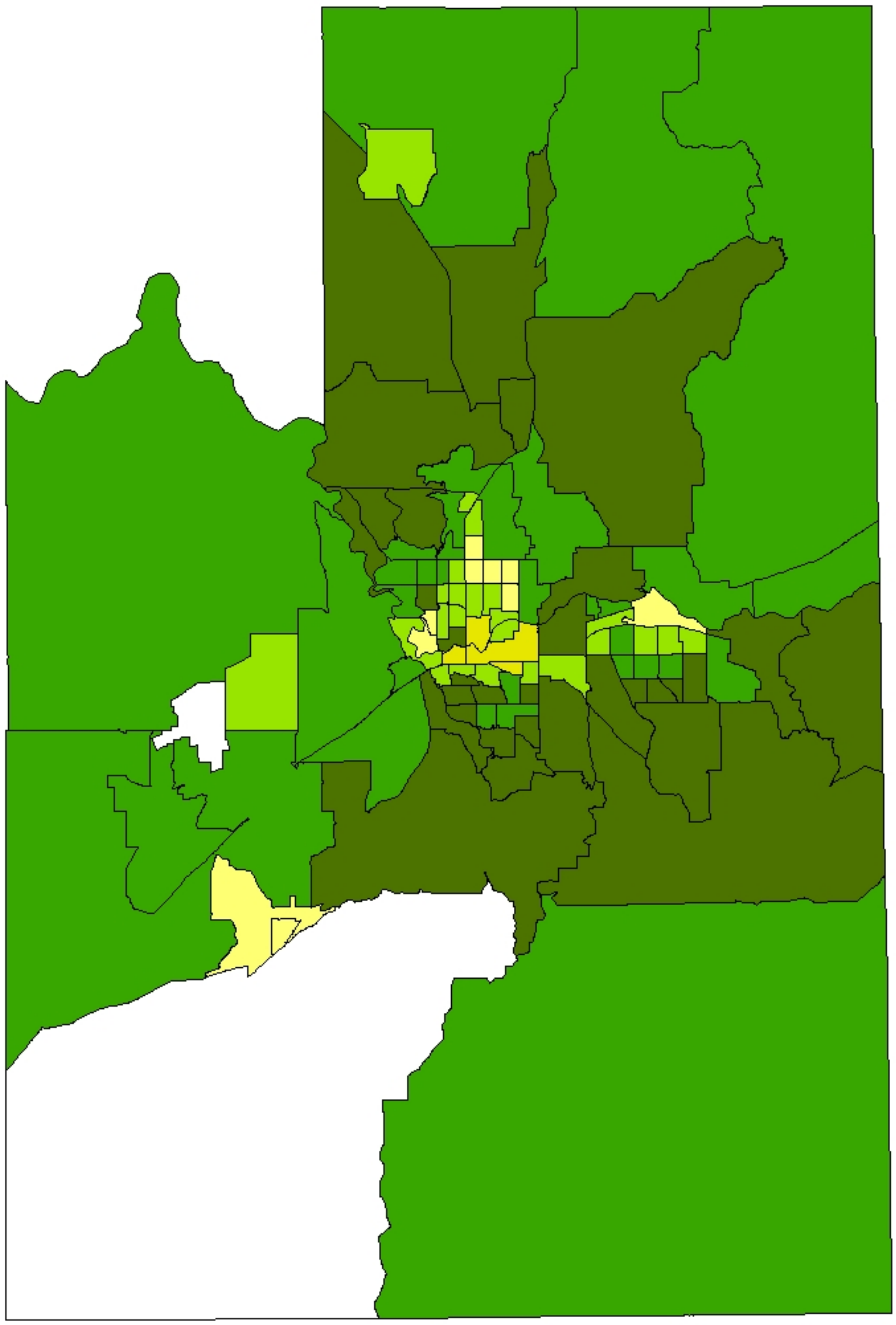
<u>Spokane County:</u>

Share of the population living at or below *50%* of the poverty level by census tract

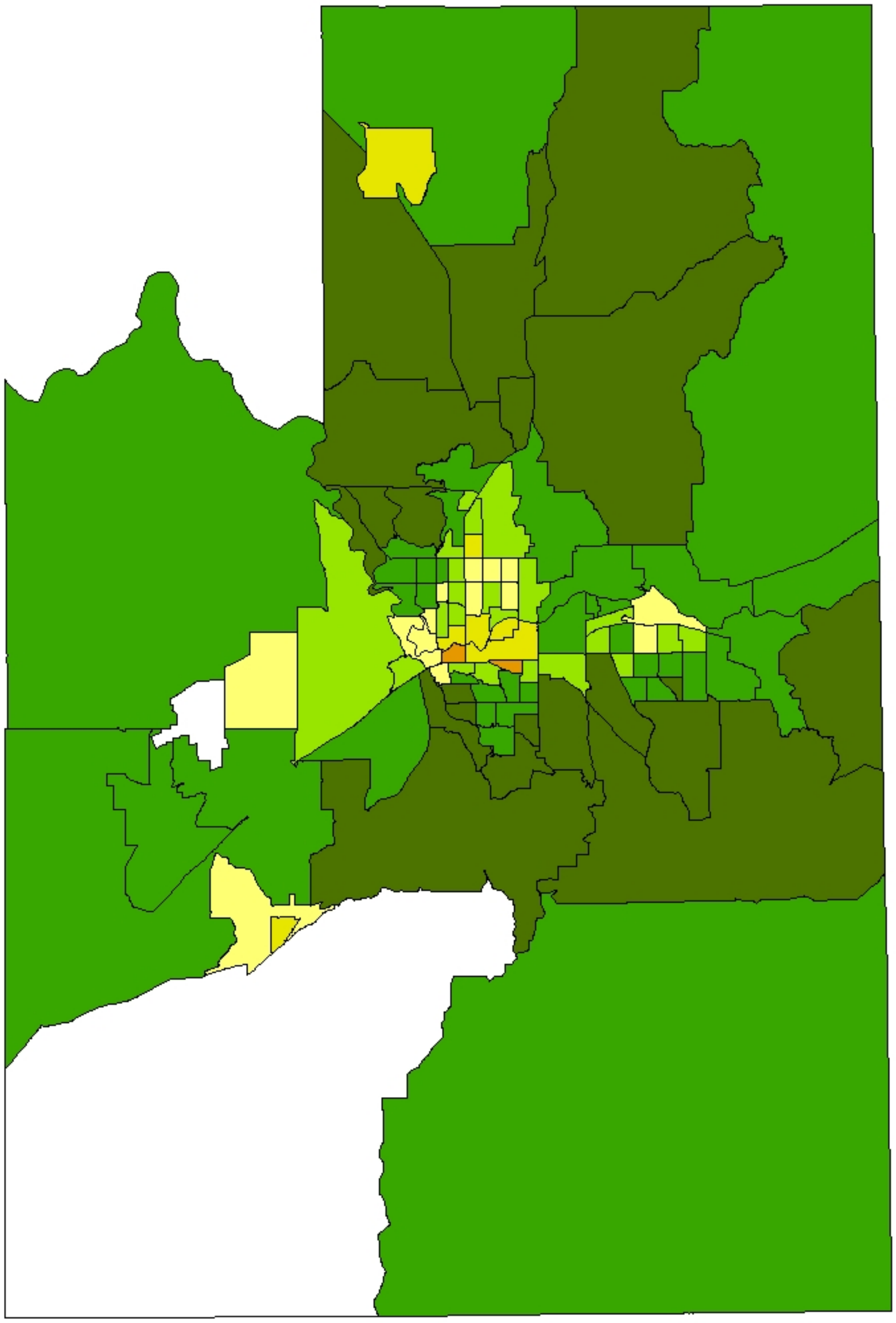


Spokane County:

Share of the population living at or below *125%* of the poverty level by census tract

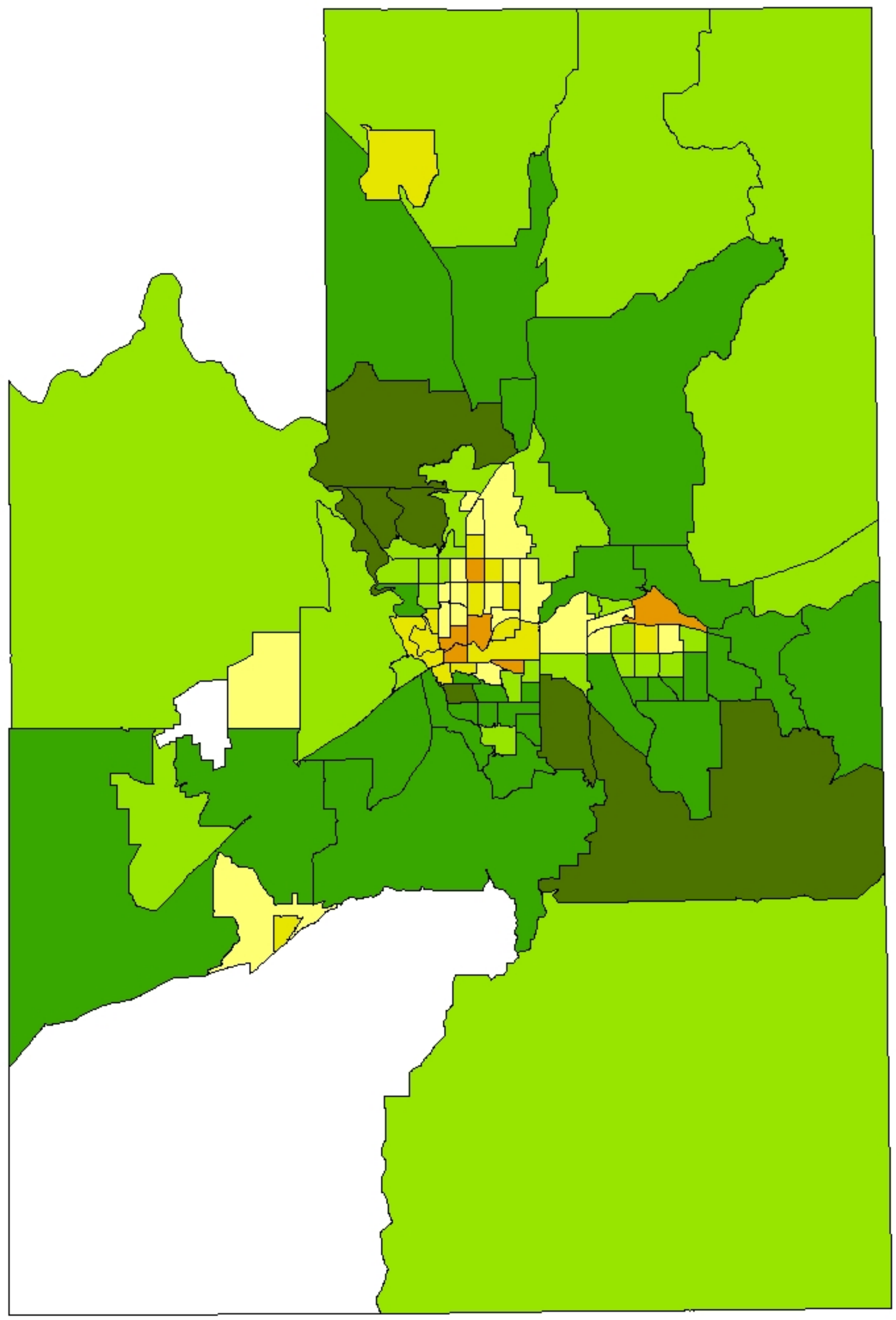


Spokane County:
Share of the population living at or below *150%* of the poverty level by census tract



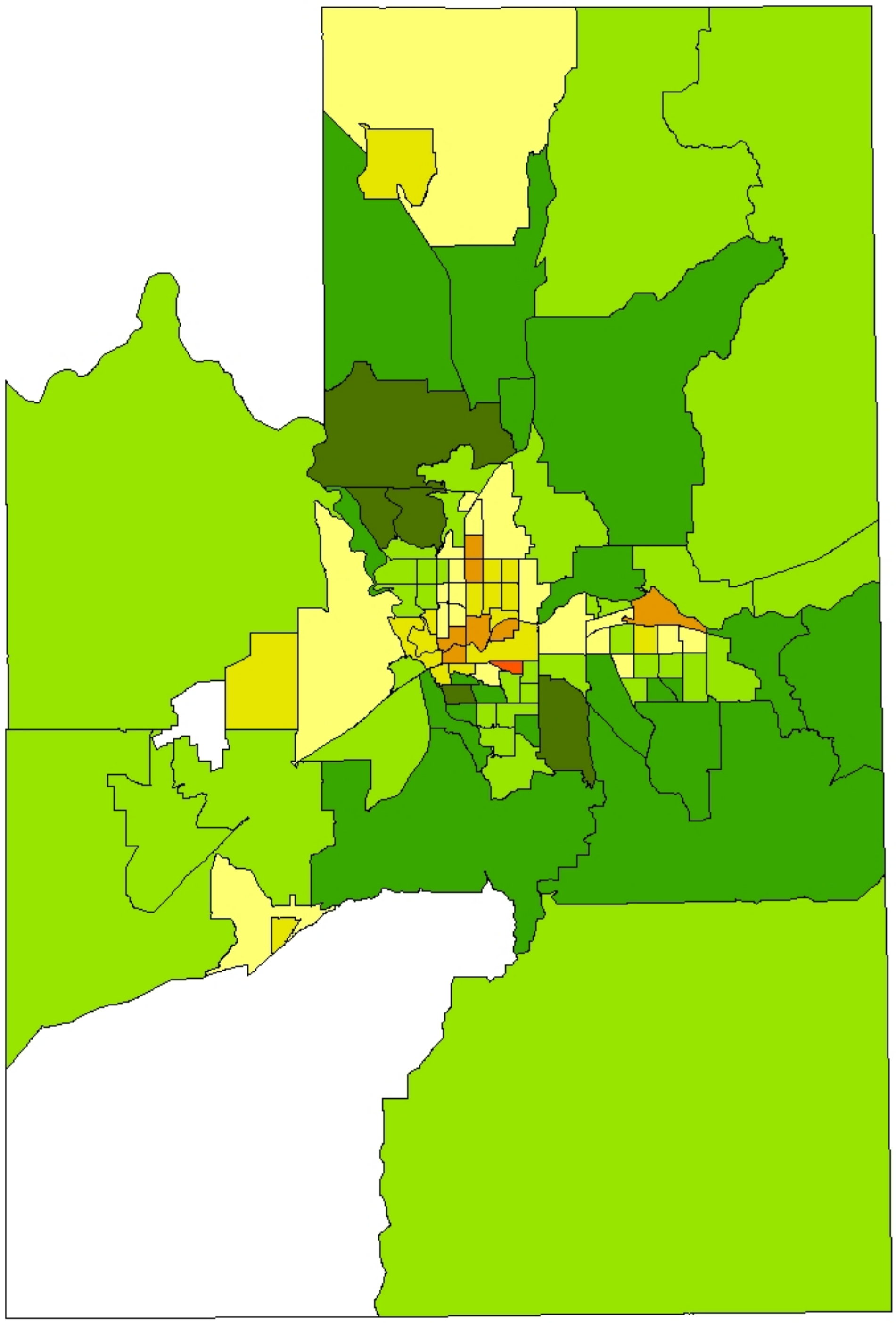
Spokane County

Share of the population living at or below *185%* of the poverty level by census tract



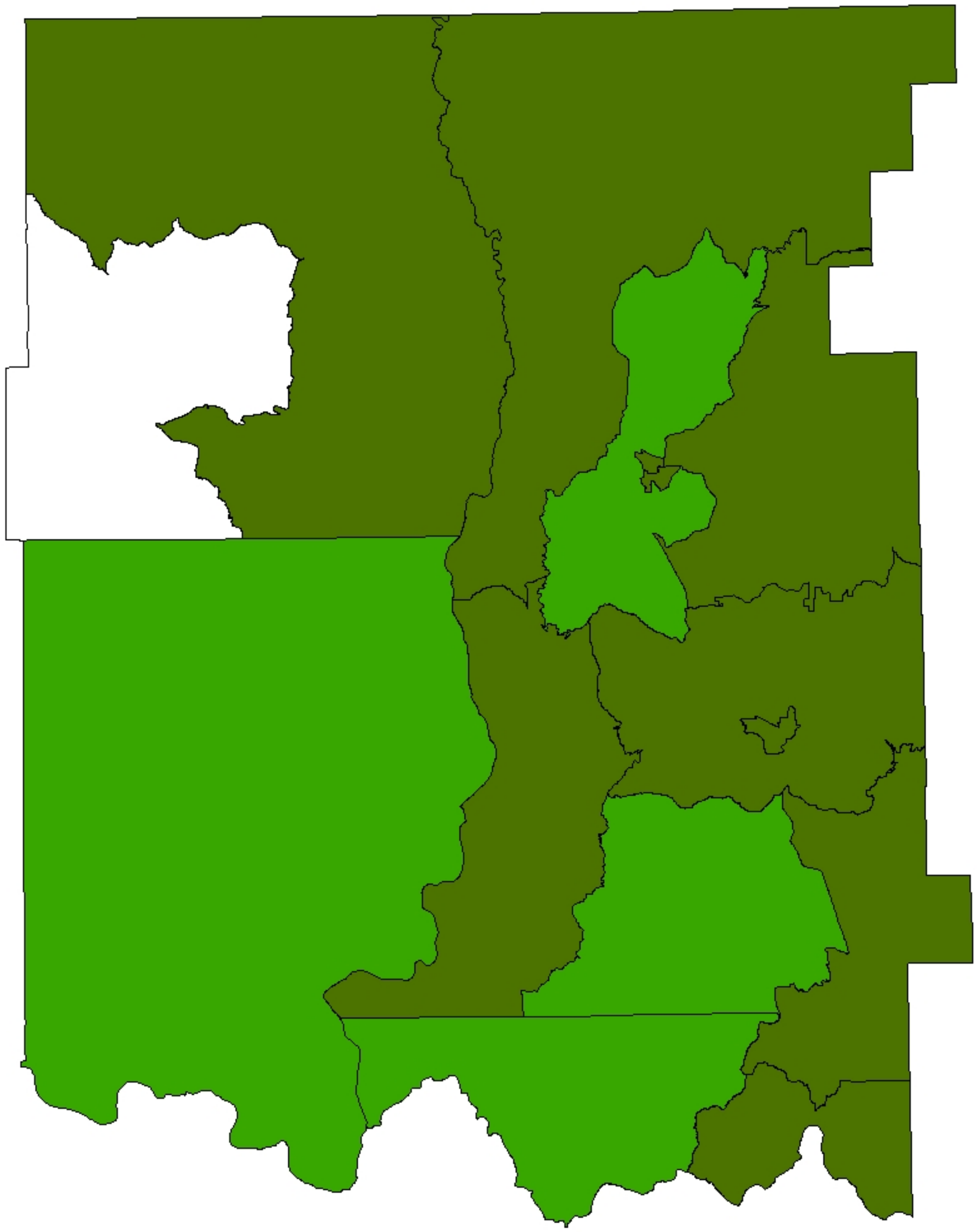
Spokane County

Share of the population living at or below *200%* of the poverty level by census tract



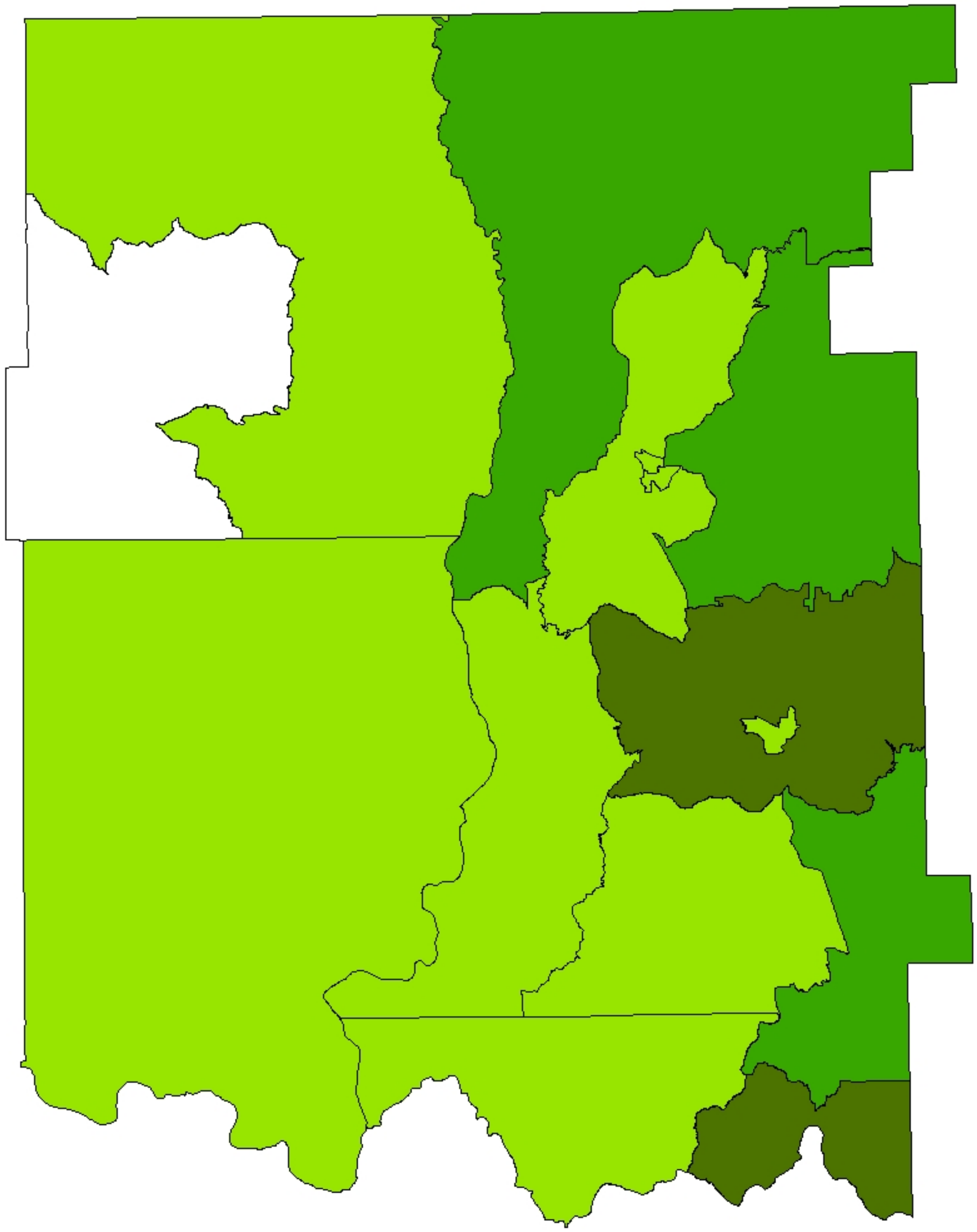
Ferry & Stevens Counties

Share of the population living at or below *50%* of the poverty level by census tract



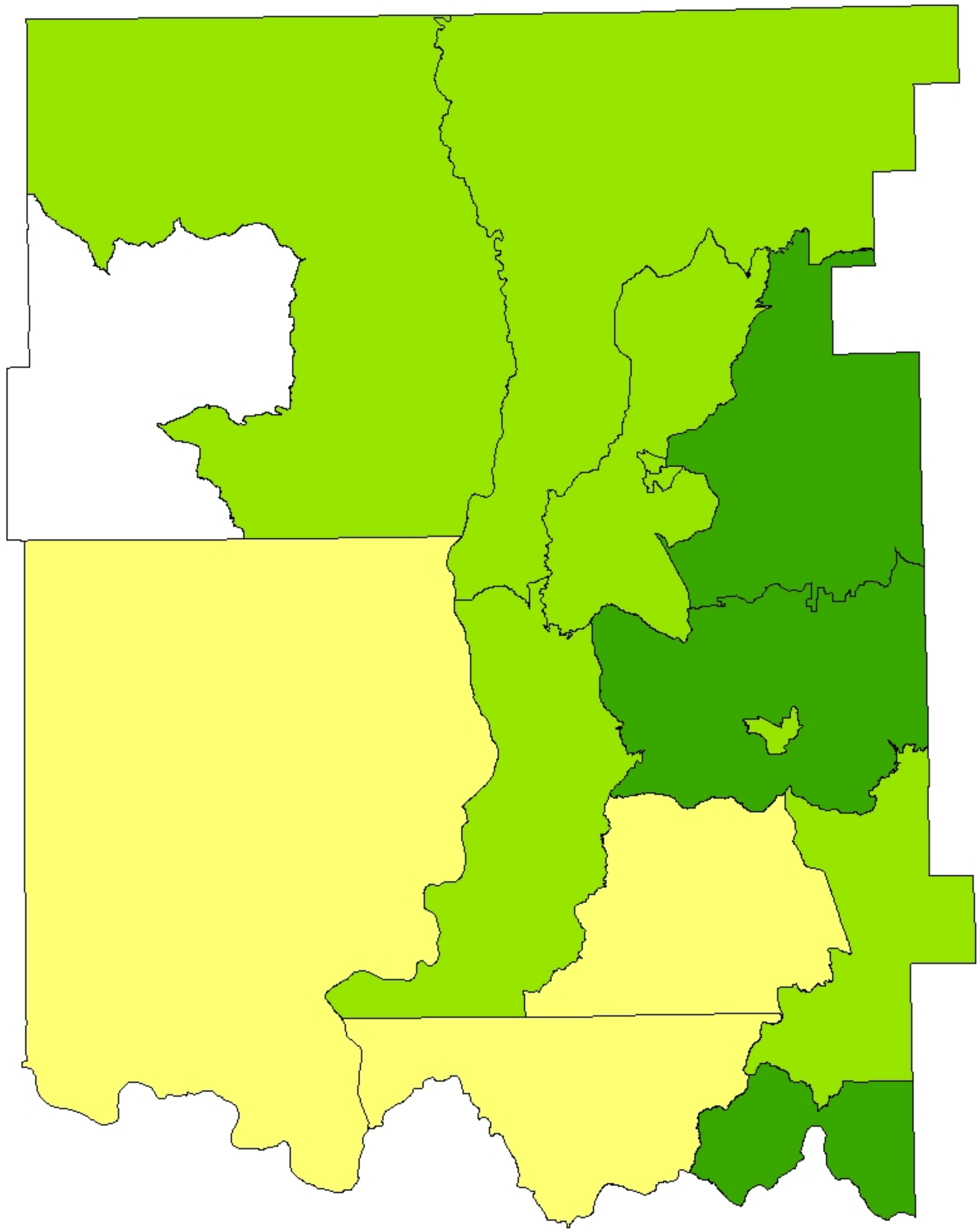
Ferry & Stevens Counties

Share of the population living at or below *125%* of the poverty level by census tract



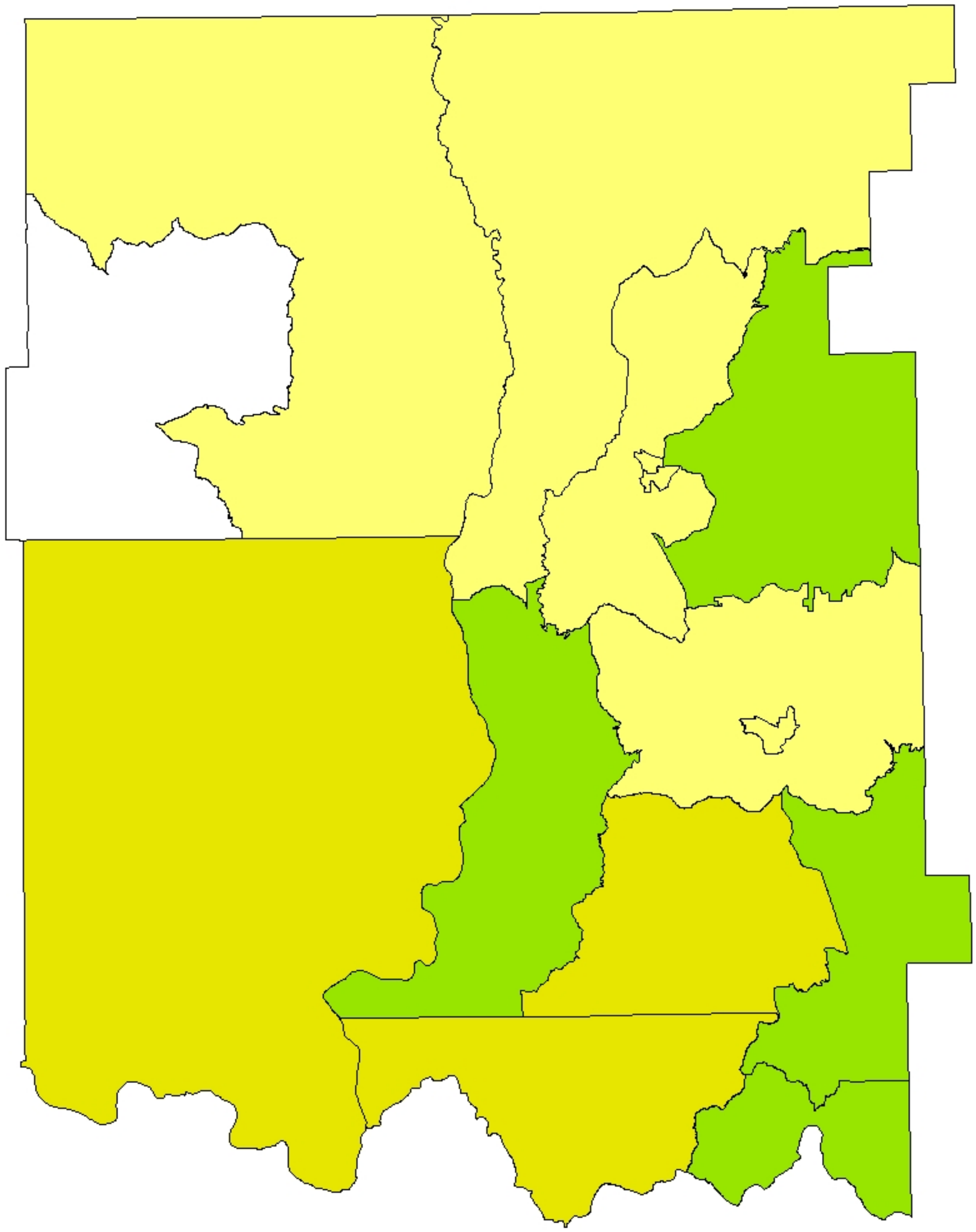
Ferry & Stevens Counties

Share of the population living at or below *150%* of the poverty level by census tract



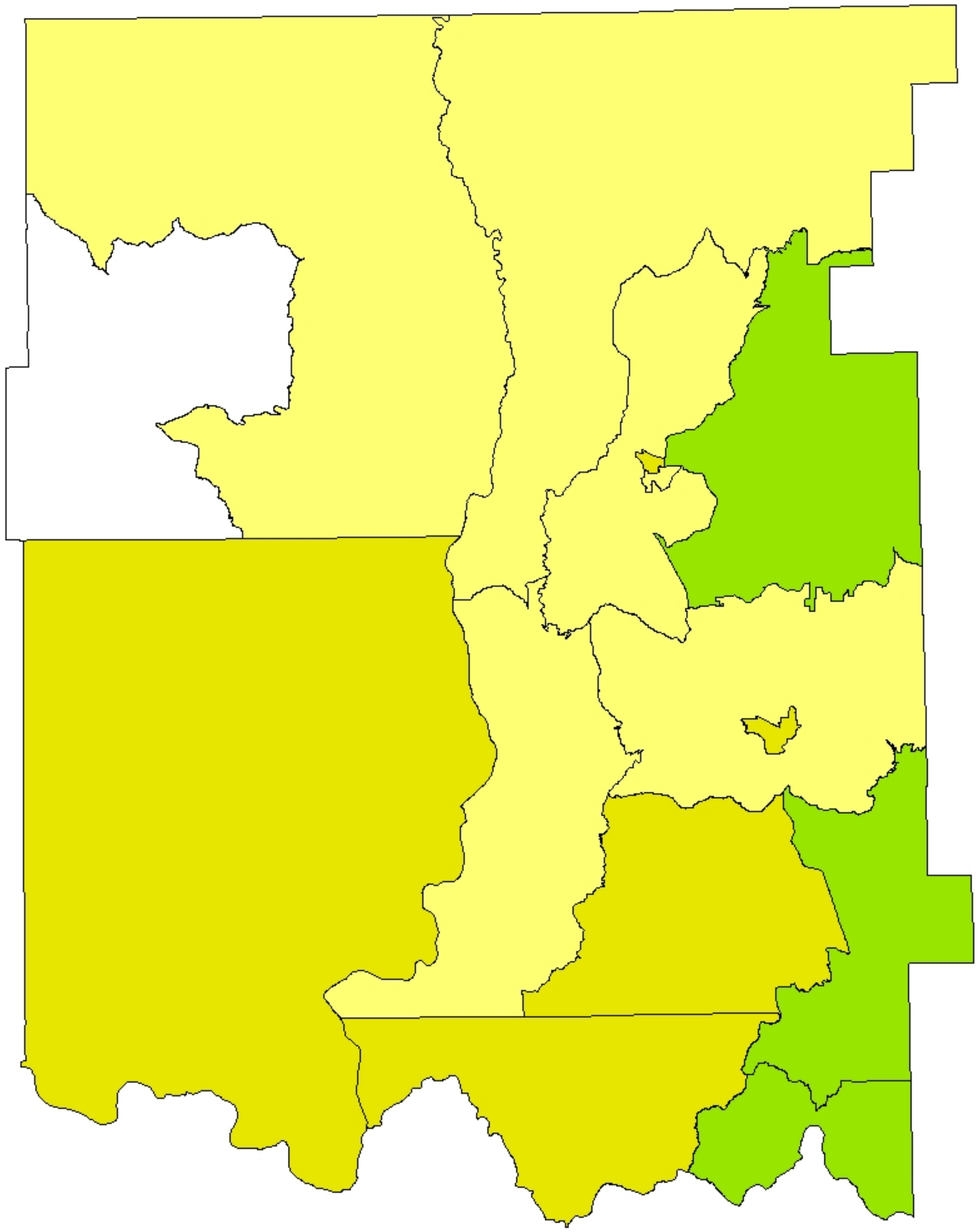
Ferry & Stevens Counties

Share of the population living at or below *185%* of the poverty level by census tract



Ferry & Stevens Counties

Share of the population living at or below *200%* of the poverty level by census tract



<u>Adams, Franklin, Grant, & Lincoln Counties</u>

Share of the population living at or below *50%* of the poverty level by census tract

Adams, Franklin, Grant, & Lincoln Counties

Share of the population living at or below *125%* of the poverty level by census tract

<u>Adams, Franklin, Grant, & Lincoln Counties</u>

Share of the population living at or below *150%* of the poverty level by census tract

Adams, Franklin, Grant, & Lincoln Counties

Share of the population living at or below *185%* of the poverty level by census tract

Adams, Franklin, Grant, & Lincoln Counties

Share of the population living at or below *200%* of the poverty level by census tract

<u>Klickitat & Skamania Counties:</u>

Share of the population living at or below *50%* of the poverty level by census tract

Klickitat & Skamania Counties:

Share of the population living at or below *125%* of the poverty level by census tract

Klickitat & Skamania Counties

Share of the population living at or below *150%* of the poverty level by census tract

<u>Klickitat & Skamania Counties</u>

Share of the population living at or below *185%* of the poverty level by census tract

Klickitat & Skamania Counties

Share of the population living at or below *200%* of the poverty level by census tract

Apendix B.

Northern Counties by Avista Census Tract and Poverty Level

County	Census Tract	American Community Survey Estimated Households	Total Avista Customers	Estimated Avista Customers: 50% of Poverty Limit	Estimated Avista Customers: 125% of Poverty Limit	Estimated Avista Customers: 150% of Poverty Limit	Estimated Avista Customers: 185% of Poverty Limit	Estimated Avista Customers: 200% of Poverty Limit
Ferry	9400	637	862	112	276	386	453	482
Ferry	9701	1032	768	85	204	282	330	331
Stevens	9410	789	829	128	292	339	463	483
Stevens	9501	3289	4219	232	1041	1501	1685	1754
Stevens	9502	1470	1963	261	548	651	856	858
Stevens	9503	1253	1239	82	310	412	599	621
Stevens	9505	1024	1041	124	367	389	483	490
Stevens	9506	968	1461	113	270	274	396	396
Stevens	9507	1167	786	79	242	290	366	398
Stevens	9508	1290	1798	94	206	343	689	736
Stevens	9509	708	1102	76	281	353	412	434
Stevens	9511	1338	2000	257	553	784	1107	1122
Stevens	9513	1561	1960	80	335	506	619	710
Stevens	9514	2714	1574	59	151	269	405	409

Southern Counties by Avista Census Tract and Poverty Level

County	Census Tract	American Community Survey Estimated Households	Total Avista Customers	Estimated Avista Customers: 50% of Poverty Limit	Estimated Avista Customers: 125% of Poverty Limit	Estimated Avista Customers: 150% of Poverty Limit	Estimated Avista Customers: 185% of Poverty Limit	Estimated Avista Customers: 200% of Poverty Limit
Asotin	9601	1611	1487	66	173	281	396	413
Asotin	9602	1992	2166	19	132	185	323	441
Asotin	9603	1500	1628	131	498	591	784	842
Asotin	9604	951	999	66	268	327	431	480
Asotin	9605	1550	1475	67	493	547	701	738
Asotin	9606	1448	1539	44	271	335	467	574
Franklin	207	518	6	0	1	1	1	2
Franklin	208	2165	161	14	46	60	77	84
Klickitat	9501	3656	763	67	229	263	345	376
Skamania	9503	764	320	26	66	82	91	100

Central Counties by Avista Census Tract and Poverty Level

County	Census Tract	American Community Survey Estimated Households	Total Avista Customers	Estimated Avista Customers: 50% of Poverty Limit	Estimated Avista Customers: 125% of Poverty Limit	Estimated Avista Customers: 150% of Poverty Limit	Estimated Avista Customers: 185% of Poverty Limit	Estimated Avista Customers: 200% of Poverty Limit
Adams	9501	1013	879	54	211	236	325	329
Adams	9502	658	441	42	114	140	153	168
Adams	9503	1821	1218	126	384	499	621	743
Adams	9504	911	767	151	301	328	366	411
Adams	9505	1344	1235	145	415	489	580	659
Grant	113	1163	10	0	3	3	4	5
Lincoln	9601	740	745	46	208	213	275	312
Lincoln	9602	1239	618	12	73	96	148	151
Lincoln	9603	1119	967	68	203	257	323	387
Lincoln	9604	1365	1132	53	229	300	356	392
Whitman	1	1271	1388	779	1204	1230	1265	1272
Whitman	2	2602	2988	269	637	752	901	1014
Whitman	3	2061	2126	188	439	489	604	626
Whitman	4	1701	1645	241	445	473	539	552
Whitman	5	338	300	164	252	258	283	283
Whitman	6	3063	3845	1747	2811	3001	3239	3334
Whitman	7	1488	1528	96	254	336	465	477
Whitman	8	1531	1474	73	280	309	396	478
Whitman	9	1683	1486	54	259	363	515	572
Whitman	10	892	657	32	84	110	168	187

Spokane County by Avista Census Tract and Poverty Level

County	Census Tract	American Community Survey Estimated Households	Total Avista Customers	Estimated Avista Customers: 50% of Poverty Limit	Estimated Avista Customers: 125% of Poverty Limit	Estimated Avista Customers: 150% of Poverty Limit	Estimated Avista Customers: 185% of Poverty Limit	Estimated Avista Customers: 200% of Poverty Limit
Spokane	2	1937	1881	195	722	830	925	947
Spokane	3	1842	2114	212	841	1014	1242	1296
Spokane	4	1681	1759	154	770	854	1134	1166
Spokane	5	1379	1519	59	415	490	640	676
Spokane	6	1198	1278	24	171	254	342	390
Spokane	7	2041	2206	112	350	495	586	651
Spokane	8	1881	1959	86	279	433	550	623
Spokane	9	2360	2505	153	394	497	660	732
Spokane	10	2371	2452	116	335	476	603	665
Spokane	11	1466	1436	19	171	260	380	394
Spokane	12	892	983	64	264	381	432	446
Spokane	13	1576	1598	137	455	569	692	739
Spokane	14	2828	2723	252	910	1114	1410	1463
Spokane	15	1944	2191	140	610	756	1023	1116
Spokane	16	1352	1460	171	630	686	778	828
Spokane	18	1191	1207	84	321	432	562	706
Spokane	19	1385	1654	215	523	590	712	759
Spokane	20	1391	1942	253	614	693	836	892
Spokane	21	977	1079	113	450	495	548	548
Spokane	23	2027	2360	306	998	1106	1285	1341
Spokane	24	1055	1021	254	52	553	643	668
Spokane	25	2300	2136	619	1159	1193	1339	1401
Spokane	26	2162	2173	186	726	1170	1310	1408
Spokane	29	1284	1225	36	334	369	422	447
Spokane	30	954	1006	141	541	646	714	777
Spokane	31	1992	2046	362	703	737	796	796
Spokane	32	1584	1293	121	401	472	661	689
Spokane	35	1705	193	32	109	121	133	135
Spokane	36	2538	2605	482	976	1173	1328	1347
Spokane	38	861	939	54	233	249	328	349
Spokane	39	1012	1112	21	87	127	230	255
Spokane	40	2744	2822	398	991	1256	1442	1494
Spokane	41	1062	1022	32	123	147	176	219
Spokane	42	1913	2046	84	139	186	233	237
Spokane	43	1372	1458	62	115	161	216	222

Spokane County (continued) by Avista Census Tract and Poverty Level

County	Census Tract	American Community Survey Estimated Households	Total Avista Customers	Estimated Avista Customers: 50% of Poverty Limit	Estimated Avista Customers: 125% of Poverty Limit	Estimated Avista Customers: 150% of Poverty Limit	Estimated Avista Customers: 185% of Poverty Limit	Estimated Avista Customers: 200% of Poverty Limit
Spokane	44	1971	1982	142	303	341	461	567
Spokane	45	1495	1581	88	188	229	303	325
Spokane	46.01	1888	1678	129	336	396	488	515
Spokane	46.02	1114	1231	29	143	189	294	343
Spokane	47	2790	2734	207	417	520	626	848
Spokane	48	1590	1812	22	142	175	241	252
Spokane	49	2508	2476	157	300	401	649	683
Spokane	50	1802	1432	72	127	169	341	390
Spokane	101	2422	946	20	124	234	245	255
Spokane	102.01	1474	223	6	28	27	56	60
Spokane	102.02	2480	1716	35	135	208	229	263
Spokane	103.01	1581	1780	213	621	914	1076	1107
Spokane	103.03	1083	493	4	51	55	68	77
Spokane	103.04	2090	1174	35	198	225	417	440
Spokane	103.05	2049	2075	16	112	152	299	331
Spokane	104.01	1450	1328	155	462	526	619	687
Spokane	104.02	2548	876	10	120	182	234	235
Spokane	105.01	2998	3095	159	629	697	872	911
Spokane	105.03	2486	2587	69	164	195	276	315
Spokane	105.04	1274	985	15	93	116	149	161
Spokane	106.01	1350	1377	19	74	86	164	189
Spokane	106.02	2748	2909	27	197	208	307	307
Spokane	107	2101	2359	31	76	125	180	231
Spokane	108	937	858	101	258	293	338	368
Spokane	109	1499	1536	81	276	365	442	472
Spokane	110	1487	1478	62	272	383	521	555
Spokane	111.01	2627	2456	556	1120	1278	1444	1536
Spokane	111.02	1522	1430	78	474	527	620	631
Spokane	112.01	3453	3267	256	694	880	1321	1441
Spokane	112.02	1626	1569	90	308	375	508	560
Spokane	113	2934	3180	189	328	424	611	655
Spokane	114	2132	2185	74	332	369	541	592
Spokane	115	592	631	37	129	147	225	228
Spokane	116	755	800	66	139	188	227	269

Spokane County (continued) by Avista Census Tract and Poverty Level

County	Census Tract	American Community Survey Estimated Households	Total Avista Customers	Estimated Avista Customers: 50% of Poverty Limit	Estimated Avista Customers: 125% of Poverty Limit	Estimated Avista Customers: 150% of Poverty Limit	Estimated Avista Customers: 185% of Poverty Limit	Estimated Avista Customers: 200% of Poverty Limit
Spokane	117.01	1000	784	123	219	272	328	361
Spokane	117.02	2457	2540	415	1031	1159	1596	1627
Spokane	118	2262	564	53	188	208	261	264
Spokane	119	1753	796	91	285	303	413	422
Spokane	120	1787	986	60	153	192	310	353
Spokane	121	1127	1199	200	407	438	491	544
Spokane	122	988	1055	28	124	172	464	499
Spokane	123	2317	2589	192	686	761	867	959
Spokane	124.01	1626	1726	47	149	211	285	316
Spokane	124.02	2240	1879	25	161	209	262	268
Spokane	125	1509	1240	96	251	313	389	473
Spokane	126	1552	1072	77	146	215	340	362
Spokane	127.01	1618	763	12	128	191	252	266
Spokane	127.02	813	612	10	45	48	78	81
Spokane	128.01	1556	1619	75	197	256	328	362
Spokane	128.02	1266	1196	31	104	225	266	351
Spokane	129.01	1211	683	62	183	231	249	312
Spokane	129.02	2527	1535	67	188	314	376	428
Spokane	130	2721	1856	119	305	369	432	494
Spokane	131	3864	4675	104	553	603	769	866
Spokane	132.01	2838	2895	138	374	413	835	925
Spokane	132.02	3497	4055	95	229	460	610	619
Spokane	133	958	454	12	28	38	53	66
Spokane	134.01	1743	1913	37	63	87	142	172
Spokane	135	3082	2075	14	128	214	276	284
Spokane	136	1685	1439	74	242	301	334	411
Spokane	137	1509	1137	106	189	292	414	455
Spokane	139	1929	1926	71	314	417	599	660
Spokane	140.01	1810	460	117	217	237	263	271
Spokane	140.02	1949	650	139	260	277	312	317
Spokane	141	2164	1549	56	211	319	379	406
Spokane	143	1186	993	42	175	229	321	372
Spokane	144	1752	1850	72	379	566	754	816
Spokane	145	846	880	138	475	489	529	531

AVISTA

Request for Proposals

RFP No. R -41321

Attachment H - The Self-Sufficiency Standard for Washington State 2014

THE SELF-SUFFICIENCY STANDARD FOR **WASHINGTON STATE 2014**

Prepared for
Workforce Development Council of Seattle-King County

WORKFORCE DEVELOPMENT COUNCIL OF SEATTLE-KING COUNTY

The Workforce Development Council of Seattle-King County (WDC) is a nonprofit workforce "think tank" and grant-making organization whose mission is to support a strong economy and the ability of each person to achieve self-sufficiency. We work throughout the community, bringing employers, job seekers, youth, educators, labor groups and other nonprofits together to find—and fund—solutions to workforce gaps.

The WDC administers Workforce Investment Act (WIA) funds, and per the Act, adopted the Self-Sufficiency Standard for Washington State as its local criteria for economic self-sufficiency in 2001. The WDC has been a partner and leader in the development of a Standard for Washington State in 2001, and subsequent updates in 2006, 2009, and 2011. In partnership with peer workforce boards across the state, the WDC developed a statewide online Self-Sufficiency Calculator (www.thecalculator.org) to integrate the Standard with other data and resources that support self-sufficiency planning with workforce customers (see Appendix B of this report). The Calculator was awarded the 2009 Innovation Award by the Seattle Chapter of NPower.

For further information on the Workforce Development Council of Seattle-King County, go to www.seakingwdc.org or contact:

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WORKFORCE DEVELOPMENT COUNCIL OF SEATTLE – KING COUNTY
Our Workforce, Our Future
A proud partner of the americanjobcenter network

THE CENTER FOR WOMEN'S WELFARE

The Center for Women's Welfare at the University of Washington School of Social Work is devoted to furthering the goal of economic justice for women and their families. The main work of the Center focuses on the development of the Self-Sufficiency Standard. Under the direction of Dr. Diana Pearce, the Center partners with a range of government, non-profit, women's, children's, and community-based groups to:

- research and evaluate public policy related to income adequacy;
- create tools to assess and establish income adequacy; and
- develop programs and policies that strengthen public investment in low-income women, children, and families.

For more information about the Center's programs, or work related to the Self-Sufficiency Standard, call (206) 685-5264. This report and more can be viewed at www.selfsufficiencystandard.org.

Center for Women's Welfare
...advancing economic justice through research and the Self-Sufficiency Standard

SCHOOL OF SOCIAL WORK
UNIVERSITY *of* WASHINGTON

THE SELF-SUFFICIENCY STANDARD FOR WASHINGTON STATE 2014

By Diana M. Pearce, PhD • Revised August 2015

DIRECTOR, CENTER FOR WOMEN'S WELFARE
UNIVERSITY OF WASHINGTON SCHOOL OF SOCIAL WORK

PREPARED FOR

WORKFORCE DEVELOPMENT COUNCIL OF SEATTLE – KING COUNTY
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Note on August 2015 Revision

Housing costs in the Self-Sufficiency Standard are based on Fair Market Rents (FMRs), calculated annually by the U.S. Department of Housing and Urban Development (HUD), released on October 1 of each year. The 2014 Washington State Self-Sufficiency Standard was based on the FY 2015 FMRs. However, reflecting rapid changes in the housing market, HUD released a revised FY2015 dataset on January 12, 2015 which updated the FY2015 FMRs for Seattle-Bellevue, WA HMFA, resulting in a 20% increase in housing costs for King and Snohomish counties. Due to the large increase in housing costs, the 2014 Washington State Self-Sufficiency Standard has been updated to reflect HUD's revision of the FY2015 FMRs.

Preface

This report presents and analyzes the Self-Sufficiency Standard for Washington State 2014. This measure calculates how much income a family must earn to meet basic needs, with the amount varying by family composition and where they live. The Standard presented here is a tool that can be used in a variety of ways—by clients of workforce/training programs seeking paths to self sufficiency, by program managers to evaluate program effectiveness, by policymakers and legislators seeking to create programs and pathways that lead to self sufficiency for working families.

The Self-Sufficiency Standard for Washington State 2014 is the fifth calculation of this data. The Standard for Washington State has been previously published in 2001, 2006, 2009, and 2011. As with all Self-Sufficiency Standard reports, this one was authored by Dr. Diana M. Pearce and produced by the Center for Women's Welfare at the University of Washington. This report, plus tables providing county-specific information for 152 family types, is available online at www.selfsufficiencystandard.org or download the report at www.seakingwdc.org/workforce/self-sufficiency-calculator.html and look up the Standard at www.thecalculator.org/.

Dr. Diana Pearce developed the Self-Sufficiency Standard while she was the Director of the Women and Poverty Project at Wider Opportunities for Women (WOW). The Ford Foundation provided funding for the Standard's original development.

Over the past 18 years the Standard has been calculated in 37 states as well as the District of Columbia and New York City. Its use has transformed the way policies and programs for low-income workers are structured and what it takes to have adequate income to meet one's basic needs in the United States.

For further information about any of the other states with the Standard, including the latest reports, the Standard data itself, and related publications such as demographic reports (which analyze how many and which households are above and below the Standard), please see www.selfsufficiencystandard.org. A list of Self-Sufficiency Standard state partners is also available at this website.

For further information, contact Lisa Manzer with the Center at (206) 685-5264/lmanzer@uw.edu, or the report author and Center Director, Dr. Diana Pearce, at (206) 616-2850/pearce@uw.edu.

Acknowledgments

The Self-Sufficiency Standard for Washington State 2014 has been prepared through the cooperative efforts of Lisa and Karen Segar at the University of Washington, Center for Women's Welfare, and Seanna Ruvkun of the Workforce Development Council of Seattle-King County. Support for the 2014 report was also provided by the Benton-Franklin Workforce Development Council, the Olympic Workforce Development Council, the Pacific Mountain Workforce Development Council, the Southwest Washington Workforce Development Council, the Spokane Area Workforce Development Council, Workforce Central (Tacoma-Pierce), and Workforce Snohomish.

A number of other people have also contributed to the development of the Standard, its calculation, and the writing of state reports over the past 18 years. Jennifer Brooks, Maureen Golga, and Kate Farrar, former Directors of Self-Sufficiency Programs and Policies at WOW, were key to the early development of initiatives that promoted the concept of self-sufficiency and the use of the Standard, and were instrumental in facilitating and nurturing state coalitions. Additional past contributors to the Standard have included Laura Henze Russell, Janice Hamilton Outtz, Roberta Spalter-Roth, Antonia Juhasz, Alice Gates, Alesha Durfee, Melanie Lavelle, Nina Dunning, Maureen Newby, and Seook Jeong.

The conclusions and opinions contained within this document do not necessarily reflect the opinions of those listed above. Any mistakes are the author's responsibility.

Executive Summary

The Workforce Development Council of Seattle-King County, in collaboration with its partners, publishes *The Self-Sufficiency Standard for Washington State* in an effort to ensure the best data and analyses are available to enable Washington State's families and individuals to make progress toward real economic security. The result is a comprehensive, credible, and user-friendly tool.

At the heart of this report is the Self-Sufficiency Standard itself. This measure describes how much income families of various sizes and composition need to make ends meet without public or private assistance in each county of Washington State. The Self-Sufficiency Standard is a measure of income adequacy that is based on the costs of basic needs for working families: housing, child care, food, health care, transportation, and miscellaneous items, as well as the cost of taxes and the impact of tax credits. In addition, this report provides for each family type, in each place, the amount of emergency savings required to meet needs during a period of unemployment or other emergency.

The Self-Sufficiency Standard for Washington State 2014 defines the income needed to realistically support a family, without public or private assistance. For most workers throughout Washington State the Self-Sufficiency Standard shows that earnings well above the official Federal Poverty Level are nevertheless far below what is needed to meet families' basic needs.

The report begins with putting the Self-Sufficiency Standard in context, describing how it is a unique and important measure of income adequacy, comparing and contrasting it with federal poverty measures. The report then leads readers through a description of what a self-sufficient wage is for Washington State families and how it differs depending on family type and geographic area. The report compares Washington State to other places in the United States, demonstrates how the Standard has changed in Washington State over time, and compares the Washington State Standard to other commonly used benchmarks of income. For families without adequate income, the report models how public supports, such as child care assistance, can be a valuable resource to help families cover their basic needs as they move towards self-sufficiency. It concludes with a brief discussion of the various pathways to economic self-sufficiency.

The appendices provide: a more detailed explanation of the methodology and data sources used to calculate the Washington State Standard; a discussion with examples of how the Self-Sufficiency Standard can be used as a tool to evaluate program performance, inform policy making, counsel clients, and to improve research on poverty and income adequacy; a more detailed comparison of the Washington Standard and federal poverty measures; detailed tables of the Standard, including the specific costs of meeting each basic need and the Self-Sufficiency Wage for eight selected family types in every county of Washington State; and detailed calculations for the modeling of work supports' impact on wage adequacy (Figure 9). Note that the data for the full set of 152 family types, for every county of Washington State—is available at www.selfsufficiencystandard.org/pubs.html.

SELECTED FINDINGS FROM THE SELF-SUFFICIENCY STANDARD FOR WASHINGTON STATE 2014

- **In Washington State, the amount needed to be economically self-sufficient varies considerably by geographic location**. For instance, the amount needed to make ends meet for one adult and one preschooler varies from $13.23 per hour ($27,945 annually) in Pend Oreille County to $29.28 per hour ($61,839 annually) in King County (East), or from 178% of the Federal Poverty Level to 393% of the Federal Poverty Level.

- **The Standard also varies by family type, such as how many adults and children are in a family and the age of each child.** One adult living in Pierce County (West County Cities) needs an hourly wage of $11.06 ($23,360 annually) to meet basic needs. For families with children, the amount needed to cover basic needs increases considerably. If the adult has a preschooler and a school-age child, the amount necessary to be economically secure more than doubles, increasing to $26.02 per hour ($54,946 annually) in order to cover the cost of child care, a larger housing unit, and increased food and health care costs. For families with young children, the cost of housing and child care combined typically make up about 50% of the family's budget. For example, for this family type in Pierce County, child care is 28% of the family's budget while housing is 24%. Food costs take up 13% and health care is 9% of the family's budget.

The Self-Sufficiency Standard for Select Washington Counties and Family Types, 2014

	ONE ADULT	ONE ADULT ONE PRESCHOOLER	ONE ADULT ONE PRESCHOOLER ONE SCHOOL-AGE	TWO ADULTS ONE PRESCHOOLER ONE SCHOOL-AGE
BENTON (KENNEWICK-RICHLAND)	$19,779	$38,014	$47,983	$54,747
CLARK	$22,223	$42,657	$53,525	$60,901
KING (CITY OF SEATTLE)	$25,440	$52,443	$64,667	$69,704
KING (EAST)	$33,135	$61,839	$74,616	$79,411
LEWIS	$17,700	$34,413	$45,945	$53,050
PEND ORIELLE	$16,798	$27,945	$35,062	$43,105
PIERCE (WEST CITIES)	$23,360	$44,806	$54,946	$62,607
SNOHOMISH (WEST CITIES)	$31,096	$55,336	$66,941	$74,503
SPOKANE	$17,923	$36,023	$46,573	$53,532
THURSTON	$22,553	$42,919	$52,208	$59,212
YAKIMA	$18,366	$32,210	$41,085	$48,973

THE COST OF MEETING BASIC NEEDS CONTINUES TO INCREASE IN MOST OF WASHINGTON DESPITE STAGNATING WAGES AND DIFFICULT ECONOMIC TIMES.

- **The Federal Poverty Level for three-person families ($19,790 annually) is 38% of the Standard for one adult, one preschooler, and one school-age child in Thurston County** ($24.72 per hour and $52,208 annually). A full-time worker earning the state minimum wage and living in Thurston County would be able to cover only 49% of her family's basic needs (with her take-home pay after accounting for taxes) if she had one preschooler and one school-age child.
- **The amount needed to meet the costs of basic needs increased between 2001 and 2014 in all Washington State counties, despite the financial crisis**. For a family with two adults, one preschooler, and one school-age child, the Standard increased between 23% and 72% percent, on average by 47%, across the state.
- **The 2014 Self-Sufficiency Standard for one adult with one preschooler and one school-age child in Seattle ($30.62 per hour) is comparable to San Diego, CA ($30.24 per hour).** The Self-Sufficiency Standard for the same family type in Spokane, WA ($22.05 per hour) is comparable to Indianapolis, IN ($21.97 per hour).
- **Of the top ten most common occupations in Washington State (measured by the number of workers), only two—registered nurses and software developers—have median wages above the Standard for a family of three in Benton County (Kennewick/Richland).** The "top ten" occupations account for 19% of all Washington State workers. However, with the exception of registered nurses and software developers, the median wages of each of the top ten most common occupation groups are all below the Self-Sufficiency Standard for one adult, one preschooler, and one school-age child in Benton County (Kennewick/Richland), which is $22.72 per hour ($47,983 annually).
- **With the help of child care assistance, food assistance (SNAP and WIC), and Medicaid, a single adult supporting one preschooler and one school-age child and living in Spokane County transitioning from welfare to work would be able to meet her family's needs with a wage of $11.57 per hour, significantly less than the full Self-Sufficiency Wage of $22.05 per hour.**
- **A single parent with one preschooler and one school-age child living in Spokane County and working a full-time minimum wage job earns only 44% of the income needed to meet her family's basic needs if she is not receiving any work supports.** With the help of housing, child care, food, and health care work supports, this parent could meet 99% of her family's needs.
- **A single parent with a preschool-aged child needs to earn $2,868 per month in Lewis County or $5,424 per month in King County (East) to be self-sufficient**. Maintaining an emergency savings fund for this family type requires earning an additional $80 per month in Lewis County and an additional $116 per month in King County (East).

Clearly, the cost of meeting basic needs continues to increase in most of Washington State despite stagnating wages and difficult economic times. Further, what it takes to become self-sufficient in Washington State depends on where a family lives, how many people are in the family and the number and ages of children.

WHAT THE SELF-SUFFICIENCY STANDARD MEANS FOR WASHINGTON STATE

Closing the wage gap between current wages and the Self-Sufficiency Standard requires both reducing costs and raising incomes.

REDUCING COSTS *means ensuring families who are struggling to cover basic costs have access to work supports—such as child care assistance, food benefits, and the Earned Income Tax Credit—that offer stability and resources while they become self-sufficient.* Most individuals cannot achieve self-sufficiency through stopgap measures or in a single step, but require transitional work supports, guidance, and the removal of barriers to help meet monthly expenses as families work towards self-sufficiency over time.

RAISING INCOMES *means enhancing skills as well as improving access to jobs that pay self-sufficient wages and have career potential.* A strong economy will mean good jobs that pay self-sufficient wages and a workforce with the skills necessary to fill those jobs. Key to raising incomes is access to education, training, and jobs that provide real potential for skill and career advancement over the long term, as well as public policies such as living wage/ minimum wage and paid sick leave, that increase wages directly.

The Self-Sufficiency Standard can be used as a tool to:

- Evaluate proposed policy changes,
- Target resources towards job training for fields that pay self-sufficient wages,
- Evaluate outcomes for clients in employment programs, and
- Serve as a counseling tool in work training programs.

The Self-Sufficiency Standard is currently used to better understand issues of income adequacy, analyze policy, and help individuals striving to be self-sufficient. Community organizations, academic researchers, policy institutes, legal advocates, training providers, community action agencies, and state and local officials, among others, are using the Self-Sufficiency Standard.

Table of Contents

Introduction

This report documents the changing, and mostly increasing, costs of living in Washington State in the last few years. Even as Washington State's economy emerges from the Great Recession, many of the longer-term trends continue, particularly stagnating wages and widening income inequality. As a result, many find that even with full-time jobs they are unable to stretch their wages to pay for basic necessities. Indeed, in many places in Washington State, the gap between income and expenses has continued to widen, as the costs of food, housing, transportation, health care, and other essentials have risen—even during the Great Recession—while wages have not.

The Self-Sufficiency Standard highlights the growing gap between sluggish wages and ever increasing expenses. Because the Standard is consistent over time and place, it allows documentation of geographic differences and historical trends. Because the Standard tracks and calculates the true cost of living facing American families, it illuminates clearly the economic "crunch" experienced by so many families today.[1]

The Self-Sufficiency Standard for Washington State 2014 defines the amount of income necessary to meet the basic needs of Washington families, differentiated by family type and where they live. The Standard calculates the costs of six basic needs plus taxes and tax credits. It assumes the full cost of each need, without help from *public* subsidies (e.g., public housing, Medicaid, or child care assistance) or *private/informal* assistance (e.g., unpaid babysitting by a relative or friend, food from food banks, or shared housing).

> The Self-Sufficiency Standard measures how much income a family of a certain composition in a given place needs to adequately meet their basic needs—***without public or private assistance.***

This report presents the Standard and what it means for Washington families. Below is a summary of the sections included in this report:

- The introduction explains the unique features of the Self-Sufficiency Standard and how it is calculated.
- The main body presents the details of the Standard for Washington State: how much a self-sufficient income is for Washington families, how the Standard varies by family type and county, and how the Washington State Standard compares to other places across the United States.
- Subsequent sections track how the Washington State Standard has changed over the past years, and how the Standard compares to other common benchmarks of income.
- The next section discusses how work supports can help families move toward self-sufficiency, as well as strategies for closing the gap between prevailing wages and the Self-Sufficiency Standard.

- The final section discusses what it takes to move towards long-term economic security once the resources needed to meet basic needs have been secured. This includes assets, savings, and investments to achieve long-term financial goals. This section includes a discussion of the Emergency Savings Fund amounts that are included with each Standard.

This report also has several appendices:

- Appendix A: *Methodology* provides a detailed description of the data and sources used to calculate the Standard.
- Appendix B: *Applications and Uses* explains the various ways of using the Standard to inform policy making, counsel clients, evaluate programs, and improve poverty research.
- Appendix C: *The Self-Sufficiency Standard for Washington State Compared to the Federal Poverty Level* explains federal approaches to measuring poverty and shows the Self-Sufficiency Standard for Washington State for select family types as a percentage of the Federal Poverty Level.
- Appendix D: *Selected Family Types, Washington State, by County* provides detailed tables of the Self-Sufficiency Standard for eight select family types in each Washington county.
- Appendix E: *Impact of Work Supports on Wage Adequacy* shows the data behind Figure 9.

A REAL-WORLD APPROACH TO MEASURING NEED

The Self-Sufficiency Standard is a unique measure of income adequacy that uses a modern, comprehensive, and detailed approach to determine what it takes for today's families to make ends meet. The key elements of the Standard that distinguish it from other measures of income adequacy or poverty are the following:

A FOCUS ON MODERN FAMILIES WITH WORKING ADULTS. Because paid employment is the norm for the majority of families today in the United States,[2] the Standard assumes all adults work to support their families, and thus includes the costs of work-related expenses such as child care (when needed), taxes, and transportation.

GEOGRAPHIC VARIATION IN COSTS. The Standard uses geographically specific costs that are calculated at the county level as data availability allows.

VARIATION BY FAMILY COMPOSITION. Because the costs of some basic needs vary substantially by the age of children, the Standard varies by both the number and age of children. While food and health care costs are slightly lower for younger children, child care costs are generally much higher—particularly for children not yet in school—and therefore become a substantial budget item for workers with young children.

INDIVIDUAL AND INDEPENDENT PRICING OF EACH COST. Rather than assume that any one item is a fixed percentage of family budgets, the Standard calculates the real costs of meeting each of the major budget items families encounter, including housing, child care, food, health care, transportation, miscellaneous items, and taxes. The costs are set at a minimally adequate level, which is determined whenever possible by using what government sources have determined are minimally adequate for those receiving assistance, e.g., child care subsidy benefit levels.

TAXES AND TAX CREDITS ARE INCLUDED AS BUDGET ITEMS. Instead of calculating needs "pretax," taxes and tax credits are included in the budget itself. Taxes include state and local sales tax, payroll (including Social Security and Medicare) taxes, federal and state income taxes, plus applicable state and federal tax credits.

PERMITS MODELING OF THE IMPACT OF SUBSIDIES. Because the Standard specifies the real cost of each major necessity, it is possible to model the impact of specific subsidies (such as the Supplemental Nutrition Assistance Program, child care assistance, or Medicaid) on reducing (or increasing) costs. Likewise, the adequacy of a given wage for a given family, with and without subsidies, can be evaluated using the family's Standard as the benchmark.

Altogether, the above elements of the Standard make it a more detailed, modern, accurate, and comprehensive measure of economic well-being than the Federal Poverty Level. *Appendix C* provides a more detailed explanation of the federal approaches to measuring poverty, including the traditional and more recent federal approaches to measuring poverty, including the Federal Poverty Level and the Supplemental Poverty Measure, and how the Standard contrasts with each approach.

How is the Washington State Self-Sufficiency Standard Calculated?

The goal for creating the Self-Sufficiency Standard is to calculate the amount needed to meet each basic need at a minimally adequate level, without public or private assistance, and to do so in a way that makes the Standard as consistent and accurate as possible, yet varied by geography and family composition. In selecting data sources, to the maximum extent possible, the data used in the Self-Sufficiency Standard meet the following criteria:

- collected or calculated using standardized or equivalent methodology nationwide;
- obtained from scholarly or credible sources, such as the U.S. Census Bureau;
- set at the level that meets a given need at a minimally adequate level, usually by or for a government aid agency;
- updated regularly (preferably annually or biennially); and
- geographically and/or age-specific, as appropriate.

The Self-Sufficiency Standard is calculated for 152 different family types for all Washington State counties. Family types range from one adult with no children, to one adult with one infant, one adult with one preschooler, and so forth, up to two-adult families with three teenagers plus larger and multi-generational families.

The Self-Sufficiency Standard assumes adult household members work full time and *therefore includes all major costs associated with employment for adult household members* (i.e., taxes, transportation, and child care for families with young children). The data components of the Standard and the assumptions included in the calculations are briefly described below (more detailed information is included in *Appendix A: Methodology, Assumptions, and Sources*). Note that these data elements and assumptions are standard for all states unless otherwise noted.

HOUSING. For housing costs, the Standard uses the most recent Fair Market Rents (FMRs), which are calculated annually by the U.S. Department of Housing and Urban Development (HUD) for each state's metropolitan and non-metropolitan areas. FMRs include utilities (except telephone and cable) and reflect the cost of housing that meets basic standards of decency. FMRs are generally set at the 40th percentile, meaning that 40% of the housing in a given area is less expensive than the FMR.[3]

HUD calculates only one set of FMRs for each metropolitan area. In multiple-county metropolitan areas the Standard uses median gross rent data from the U.S. Census Bureau's American Community Survey (ACS) to vary the FMR housing costs by individual counties within the metropolitan area.

CHILD CARE. To calculate the cost of child care, the Standard utilizes market-rate costs (defined as the 75th percentile) by facility type, age, and geographic location.[4] Most states conduct or commission market-rate surveys for setting child care assistance reimbursement rates. The Washington State Standard assumes infants and preschoolers receive full-time child care. Costs for school-age children assume they receive care before and after school (part time).

FOOD. The Standard uses the U.S. Department of Agriculture Low-Cost Food Plan for food costs. The Low-Cost Food Plan was designed to meet minimum nutritional standards using realistic assumptions about food preparation time and consumption patterns. However, it is still a very conservative estimate of food costs. For instance, the Low-Cost Food Plan does not allow for any take-out or restaurant meals. Geographic differences in food costs are calculated using Feeding America's Map the Meal Gap data based on Nielsen scans of grocery receipts to calculate comparative food costs across the country.

TRANSPORTATION. If there is an "adequate" public transportation system in a given area, the Standard assumes workers use public transportation to get to and from work. A public transportation system is considered "adequate" if it is used by 7% or more of the working population in a given county. Except for King County, all counties in Washington have less than 7% public transportation use; therefore, King County transportation costs are based on public transit while private transportation is assumed for all other counties in Washington.

Table 1. **Items Included in the Standard**

COST	WHAT IS INCLUDED IN BUDGET?
HOUSING	YES: Rent and Utilities NO: Cable or telephone
CHILD CARE	YES: Full-time care for infants and preschoolers, and before and after school care for school-age children NO: After school programs for teenagers, extracurricular activities, babysitting when not at work
FOOD	YES: Food for home preparation NO: Take-out, fast-food, or restaurant meals or drinks
TRANSPORTATION	YES: Car ownership cost (per adult)—insurance, gas, oil, registration, repairs, monthly payments—or public transportation when adequate. Assumes only commuting to and from work and day care plus a weekly shopping trip NO: Non-essential travel, vacations, etc.
HEALTH CARE	YES: Employer-sponsored insurance premium and out-of-pocket costs NO: Health savings account, gym memberships, individual health insurance
TAXES	YES: Federal and state income tax and tax credits, payroll taxes, and state and local sales taxes NO: Itemized deductions, tax preparation fees or other taxes (property taxes are included in housing costs and gasoline taxes in transportation)
MISCELLANEOUS	YES: Clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal items, and telephone service NO: Recreation, entertainment, savings, emergencies, debt repayment, pets, education/training, gifts, broadband/internet, student loan repayment
SAVINGS	YES: Rainy day fund after job loss or other short-term crisis. NO: Long-term savings for retirement, education, or home-ownership.

Detailed information on the methodology of the Self-Sufficiency Standard and the Washington State specific data sources, are included in *Appendix A: Methodology, Assumptions, and Sources*.

Private transportation costs are based on the average costs of owning and operating a car. One car is assumed for households with one adult, and two cars are assumed for households with two adults. Per-mile costs (e.g., gas, oil, tires, and maintenance) are calculated from the American Automobile Association. Commuting distance is computed from the National Household Travel Survey. Auto insurance premiums are the average statewide premium cost from the National Association of Insurance Commissioners. Within-state variation in auto insurance premiums is calculated using sample premiums for the automobile insurance companies with the largest market shares in the state. To estimate the fixed costs of car ownership (e.g. license, registration, repairs, monthly payments) the Standard uses Consumer Expenditure Survey amounts for families with incomes between the 20th and 40th percentile. The initial cost of purchasing a car is not included.

Residents of those cities who use public transit instead of the assumed private transportation may find their cost of living is lower than that reflected in the Self-Sufficiency Standard. Likewise, King County residents who cannot reasonably rely on public transportation may find their cost of living is higher.

HEALTH CARE. The Standard assumes that an integral part of a Self-Sufficiency Wage is employer-sponsored health insurance for workers and their families. For full-time workers, employers must provide health insurance or pay a fine, as a result of the Patient Protection and Affordable Care Act. Health care premiums are the statewide average paid by workers for single adults and for families, from the national Medical Expenditure Panel Survey.[5] Premiums are varied by county using sample insurance rates for the top market share companies in the state. Health care costs also include regional out-of-pocket costs calculated for adults, infants, preschoolers, school-age children, and teenagers.

MISCELLANEOUS. Miscellaneous expenses are calculated by taking 10% of all other costs. This expense category consists of all other essentials including clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items, and telephone service. It does not allow for recreation, entertainment, savings, or debt repayment.

TAXES. Taxes include federal income tax, payroll taxes, and state and local sales taxes where applicable. Additionally, the Standard includes federal, state, and local tax credits. Federal tax credits calculated for the Washington Standard include: the Child and Dependent Care Tax Credit (referred to in the Standard as the Child Care Tax Credit or CCTC); the Earned Income Tax Credit (EITC); and the Child Tax Credit (CTC). Note that property taxes are assumed to be included in the cost of housing, as are gasoline taxes in the cost of transportation.

SAVINGS. Emergency savings are intended to cover living expenses when there is job loss, and is the amount needed to do so, net of the amount expected to be received in unemployment benefits. The amount calculated takes into account the average tenure on a job of Washington workers, and the average length of the job loss period. In two-adult households, it is assumed that the second adult continues to be employed, so that the savings only need to cover half of the family's basic living expenses over the job loss period. Since the monthly emergency savings contribution requires additional earnings, the estimate includes the calculation of taxes that would be needed for the additional earnings, using the applicable tax rates at current earnings levels, that is, at the Self-Sufficiency Standard level.

How Much Does it Cost to Make Ends Meet in Washington State?

How much income families need to be economically self-sufficient depends both on family composition—how many adults and how many children and the children's ages—and where they live. **Table 2** illustrates how substantially the Standard varies by family type by showing the Standard for four different family configurations in Pierce County (West County Cities):

- A single adult needs to earn $11.06 per hour working full time to be able to meet his or her basic needs, which is almost two dollars more than the Washington State minimum wage ($9.32 per hour in 2014).
- Adding a child almost doubles this number; one parent caring for one preschool-aged child needs to earn $21.21 per hour to be self-sufficient.
- Adding a second child further increases the wage: one parent with two children—a preschooler and school-age child—needs $26.02 per hour to meet her family's basic needs. Even with one of the highest state minimum wages, this is the equivalent of nearly three full-time minimum wage jobs in Washington.[6]
- When there are two adults, the additional adult adds some costs, but splits the economic burden; nevertheless,

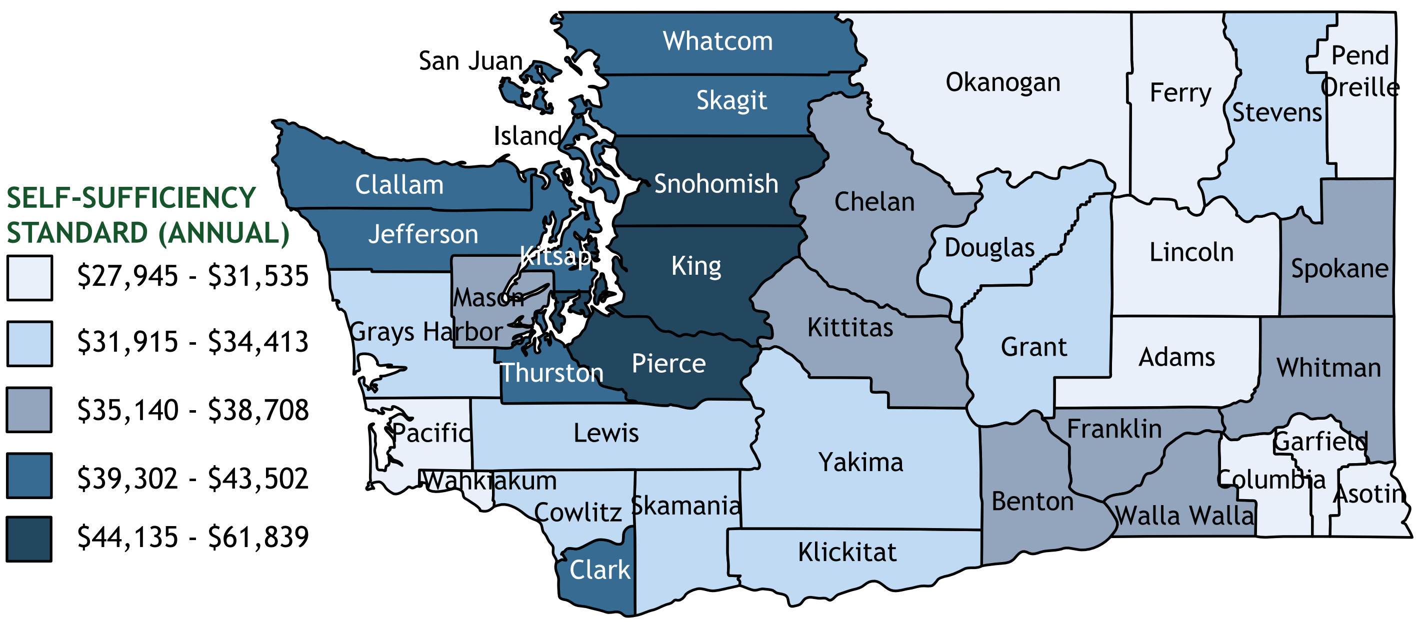
THE AMOUNT OF MONEY FAMILIES NEED TO BE ECONOMICALLY SELF-SUFFICIENT VARIES DRASTICALLY DEPENDING ON FAMILY SIZE AND THE GEOGRAPHIC REGION OF RESIDENCE.

Table 2. **The Self-Sufficiency Standard for Select Family Types***
Monthly Expenses and Shares of Total Budgets
Pierce County (West County Cities), WA 2014

MONTHLY COSTS	ONE ADULT		ONE ADULT, ONE PRESCHOOLER		ONE ADULT, ONE PRESCHOOLER, ONE SCHOOL-AGE		TWO ADULTS, ONE PRESCHOOLER, ONE SCHOOL-AGE	
	COSTS	%	COSTS	%	COSTS	%	COSTS	%
Housing	$845	43	$1,101	29	$1,101	24	$1,101	21
Child Care	$0	0	$765	20	$1,305	28	$1,305	25
Food	$255	13	$387	10	$583	13	$799	15
Transportation	$289	15	$298	8	$298	7	$571	11
Health Care	$116	6	$413	11	$431	9	$488	9
Miscellaneous	$151	8	$296	8	$372	8	$426	8
Taxes	$290	15	$607	16	$756	17	$794	15
Earned Income Tax Credit (-)	$0	0	$0	0	$0	0	$0	0
Child Care Tax Credit (-)	$0	0	($50)	-1	($100)	-2	($100)	-2
Child Tax Credit (-)	$0	0	($83)	-2	($167)	-4	($167)	-3
TOTAL PERCENT		100		100		100		100
SELF-SUFFICIENCY WAGE								
HOURLY**	**$11.06**		**$21.21**		**$26.02**		**$14.82**	per adult***
MONTHLY	$1,947		$3,734		$4,579		$5,217	combined***
ANNUAL	$23,360		$44,806		$54,946		$62,607	combined***
EMERGENCY SAVINGS FUND	$45		$91		$117		$68	

* The Standard is calculated by adding expenses and taxes and subtracting tax credits. The "Taxes" row includes federal and state income taxes (including federal and state income taxes) and payroll taxes.
** The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month).
*** The hourly wage for families with two adults represents the hourly wage that each adult would need to earn, while the monthly and annual wages represent both parents' wages combined.
Note: Totals may not add exactly due to rounding.

Figure 1. **Map of Counties by Level of Annual Self-Sufficiency Wage**
One Adult and One Preschooler, WA 2014



two parents with one preschooler and one school-age child *each* need to earn a minimum of $14.82 per hour, working full time, to meet their family's basic needs.

In addition to varying by family composition, the Self-Sufficiency Standard also varies by geographic location. The map in **Figure 1** displays the geographic variation in the cost of meeting basic needs across Washington's counties for families with one adult and one preschooler. The 2014 annual Self-Sufficiency Standard for a single adult with one preschooler ranges from $27,945 to $61,839 depending on the county. For Figure 1, the counties were ranked by their Self-Sufficiency wages and then divided into five equal groups, or quintiles. The counties in the top quintile, that is, the most expensive counties, comprise the Seattle-Tacoma area, Snohomish, King and Pierce counties, and Bainbridge Island (in Kitsap County). East King County (including the cities of Bellevue, Issaquah, Kirkland, Mercer Island, Redmond, and Sammamish) has the highest Self-Sufficiency Standard for this family type in the state, at $61,839 per year.

The counties in the second most expensive group are also all located in western Washington State and surround Puget Sound, with the one exception of Clark County, located just north of Portland, Oregon. With annual Self-Sufficiency Wages between $39,302 and $43,502, the second quintile includes Clallam, Clark, Jefferson, Island, Kitsap (excluding Bainbridge Island), San Juan, Skagit, Thurston, and Whatcom counties. The middle quintile of Washington State counties ranges between $35,140 and $38,708 per year. Counties in this group are all located east of the mountains and include: Benton, Chelan, Franklin, Kittitas, Mason, Spokane, Walla Walla, and Whitman counties. The lowest two cost quintiles of counties in Washington State, with Self-Sufficiency Wages between $27,945 and $34,413 per year for an adult with one preschooler, are concentrated in the eastern and the southwest portions of Washington State.

How do Family Budgets Change as Families Grow?

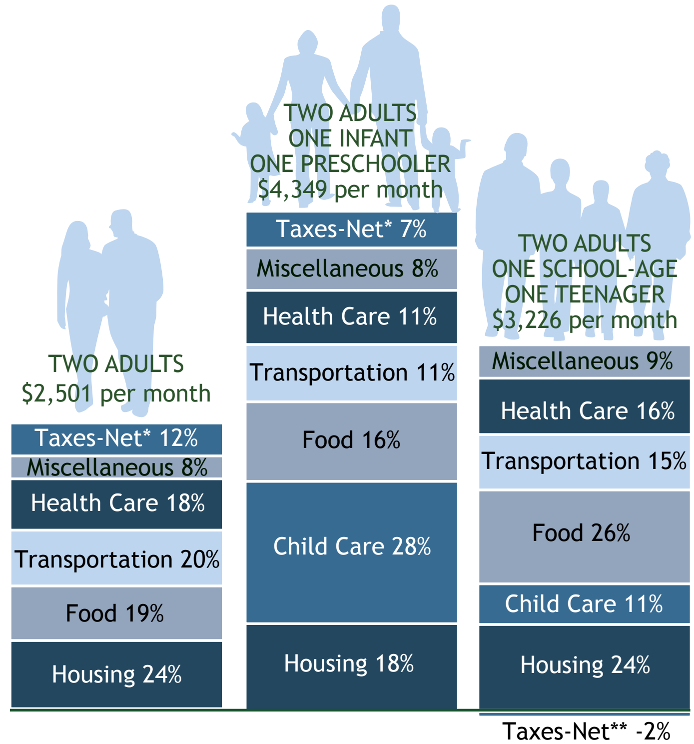
As a family grows and changes composition, the amounts spent on basic expenses families need to live adequately, such as food and shelter, change, and new ones are added, most notably child care. **Figure 2** demonstrates how these changes occur, as the family composition changes, for a family in Yakima County. Each bar chart shows the percentage of the total budget needed for each expense and how they differ as the family changes composition.

When there are just two adults they need to earn a total of $2,501 per month to make ends meet, plus a small monthly amount of savings for emergencies. For families with two adults and no children in Yakima County, about a quarter of the Self-Sufficiency Standard goes towards housing. The budget categories of food, transportation, and health care each account for 18%-20% of the total household budget. Taxes accounts for 12% of household expenses, and there are no tax credits. (The emergency savings fund contribution is an additional $31 (about 1%) added to the family budget.)

When a family expands to include two young children (one infant and one preschooler), the total budget increases substantially to $4,349 per month, and at the same time, with the addition of child care, the proportions spent on each basic need change. Indeed, child care alone accounts for over a quarter of the family's budget; when one adds housing, together these two items account for 46% of expenses. This is quite common: across the country, it is common for Self-Sufficiency Standard budgets for families with two children (when at least one is under school age) to have roughly half the budget going for housing and child care expenses alone. Food costs are 16% of total income. This is much lower than the 33% assumed by the methodology of the Federal Poverty Level, and similar to the national average expenditure on food, which was 13% in 2012.[7]

Health care accounts for 11% of the family budget, including both the employees' share of the health care premium and out-of-pocket costs.[8] If neither adult had health insurance through their employer, a Silver plan through the Washington Health Exchange, after the tax credit, would be about the same amount per month as

Figure 2. **Percentage of Standard Needed to Meet Basic Needs for Three Family Types***
Yakima County, WA 2014



* While the column heights are different to represent the different totals, the percentages for each cost add to 100% for each column.
** The two-adult family is not eligible for any tax credits and therefore the Taxes-Net figure is the same as gross taxes owed. For the two family types with children shown in Figure 2, the actual percentage of income needed for taxes without the inclusion of tax credits is 13% for two adults with one infant and one preschooler and 11% for two adults with one school-age child and one teenager. However, with tax credits included, as in the Standard, both families receive money back, and the amount owed in taxes is reduced. Please see *Appendix A: Methodology, Assumptions, and Sources* for an explanation of the treatment of tax credits in the Standard.

the health costs (premium and out-of-pocket costs) in the Self-Sufficiency Standard.[9] Note that the family would need to plan for out-of-pocket costs.

Net taxes for the family now reflect a tax burden that is 7%, taking into account the offsetting effects of tax credits. Note that tax credits are treated as if they were received monthly in the Standard, although most credits are not received until the following year when taxes are filed. If it were assumed that tax credits are not received monthly, but instead annually in a lump sum, then the monthly tax burden would be 13% of total expenses for this family.

The emergency savings fund adds an additional 1% to the family budget. Note that this fund assumes the adults will receive unemployment insurance if a job loss occurs. Without unemployment insurance, the adults would need to save twice as much per month and the emergency savings fund would account for an additional 3% of the family budget.

The third bar in Figure 2 shows the shift in the amount and proportions spent in the budget as the children get older, and are now a school-age child and a teenager, and no longer need as much child care. The total cost of basic needs drops to $3,226 per month; the decreased amount for child care for the school-age child accounts for just 11% of this basic needs budget for this family type, a much smaller proportion than was necessary when the children were younger. In contrast, food accounts for a larger proportion of the budget, at 26%, in part due to increased food costs for the teenager. The emergency savings fund is an additional $54, or 2% added to the family budget.

FAMILIES WITH TWO CHILDREN (WHEN ONE IS UNDER SCHOOL-AGE) GENERALLY NEED TO BUDGET HALF THEIR INCOME FOR HOUSING AND CHILD CARE EXPENSES.

Net taxes are shown as negative 2% of the family's budget. If it were assumed, as suggested above, that tax credits are received annually in a lump sum, then the monthly tax burden would be 10% of the total costs for two adults with one school-age child and one teenager.

How Does the Real Cost of Living in Washington Cities Compare to Other U.S. Cities?

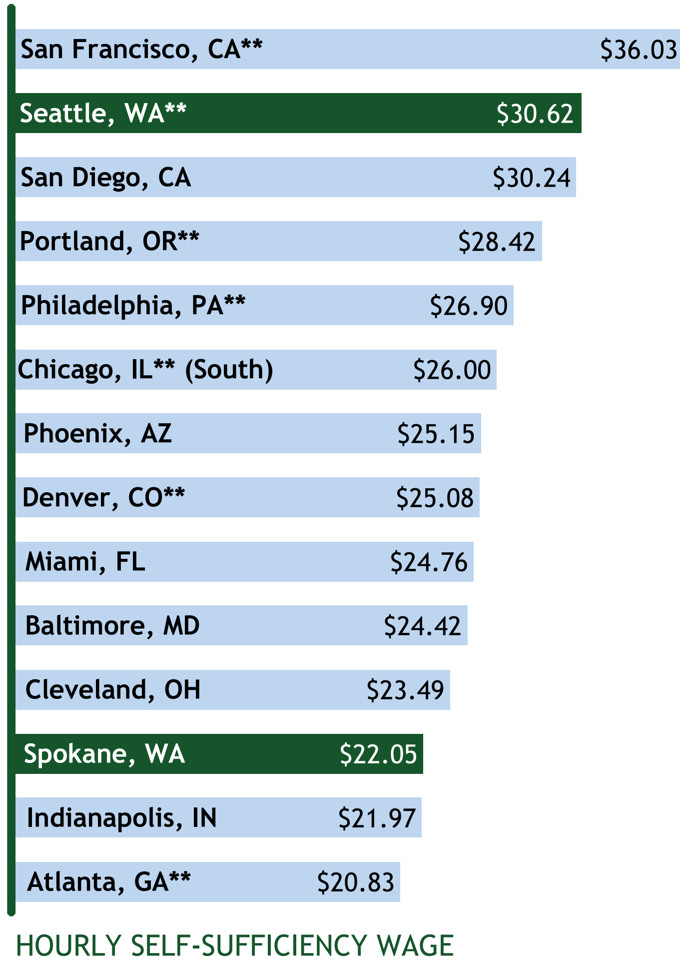
The cost of living varies not only across the United States, but within Washington State as well. In **Figure 3**, the Self-Sufficiency Standard for families with one parent, one preschooler, and one school-age child in Seattle and Spokane, WA are compared to the Standard for several other places: Atlanta, GA; Baltimore, MD; Chicago (North), IL; Cleveland, OH; Denver, CO; Indianapolis, IN; Miami, FL; Philadelphia, PA; Phoenix, AZ; San Diego, CA; and San Francisco, CA.[10]

The full-time, year-round wages required to meet the Self-Sufficiency Standard range from a low of $20.83 per hour to $36.03, with Seattle nearer the top end, and Spokane near the lower end of this range. In fact, Seattle is the second most expensive place in this group of cities, with the adult needing to earn $30.62 per hour to be self-sufficient and is most comparable to San Diego. In contrast, in Spokane, the third least expensive city in this comparison, the adult must earn a wage of $22.05 per hour to be self-sufficient, most comparable to Indianapolis.

The differences in the Self-Sufficiency Standard wages reflect the variation in the costs of meeting basic needs in urban areas in the United States. Housing costs in particular vary considerably (e.g. in San Francisco, CA, a two-bedroom unit is $2,062 per month compared to $764 per month in Cleveland, OH, according to the 2015 Fair Market Rents).

Everywhere public transportation costs are significantly less than the cost of owning and operating a car; thus, in areas where private transportation costs are assumed, the Self-Sufficiency Standard wage reflects higher transportation expenses. While Spokane is one of the least costly places in this comparison, if this single parent had just a minimum wage job, she would need to work 95 hours per week to meet her family's basic needs. Seattle, one of the costliest places in this comparison, requires the equivalent of over three full-time minimum wage jobs or 131 hours per week.

Figure 3. **The Self-Sufficiency Wage for Seattle & Spokane, WA Compared to Other Cities, 2014***
One Adult, One Preschooler, and One School-Age Child



*Data for each city is the Self-Sufficiency Standard for the county in which the city is located. Wages for cities other than Portland, Seattle, and Spokane are updated using the Consumer Price Index.
**Wage calculated assuming family uses public transportation.

SEATTLE, ONE OF THE HIGHEST COST PLACE IN THIS COMPARISON, REQUIRES THE EQUIVALENT OF OVER THREE FULL-TIME MINIMUM WAGE JOBS OR 131 HOURS PER WEEK.

How Has the Cost of Living Changed Over Time and Across Washington State?

The map in **Figure 4** depicts the changes in the cost of living (as measured by the Self-Sufficiency Standard) for one family type—two adults, one preschooler, and one school-age child—by county between 2001 and 2014.

On average, the Self-Sufficiency Standard has increased in Washington State counties over the last thirteen years for this four-person family by 47% or 3.6% per year. However, there is considerable variation by county. The two largest increases in the Standard since 2001 occurred in Seattle and Walla Walla County, where costs increased by 72%. In 2001, this four-person family in Seattle needed $40,569 per year to meet their basic needs, but by 2014 that amount had increased to $69,704, over $2,241 per year (about 5.5% on average per year). In Walla Walla County, although starting at lower level of $33,804, costs increased almost as much, nearly $1,900 a year (5.5% per year on average). In contrast, for the lowest quintile of counties, costs increased only 23-39%, about 2-3% per year; most of these counties are located in eastern Washington (see Figure 4 map).

The changes over time are not steady, as can be seen in **Figure 5**. The Standard for Washington State has been calculated five times over the past 13 years. Tracing the changes in the Standard for this four-person family, in five places, illustrates some of these differences: all counties increased, but as illustrated in Figure 5, the variation in rates of change increased the differences (or spread) between higher cost and lower cost counties in 2014.

- Despite a decrease between 2001 and 2006, Pacific County experienced a larger increase in the cost of living than most counties in Washington State overall between 2006 and 2014 (40% compared to the statewide average of 36%).
- Costs in Yakima County have increased steadily but at a lower rate than most of the state, so in this chart it goes from being the third most expensive in 2001 to the second least expensive, almost tied with Pacific County by 2014.
- Most notable is what this chart does NOT show, and that is any significant slowing of cost increases during the Great Recession or the (slow) recovery post-2009.

Although the Standard increased to various degrees in different counties in Washington (apparently fairly steadily) this masks sizable variation in how much *each cost* increased across counties. Using the same four-person family as above (two adults, one preschooler, and one school-age child), **Table 3** shows the actual cost and percentage change for each basic need since 2001 in Clark County as well as statewide.

Figure 4. **Percentage Change in the Self-Sufficiency Standard for Washington between 2001 and 2014**
Two Adults, One Preschooler and One School-Age Child, WA 2014

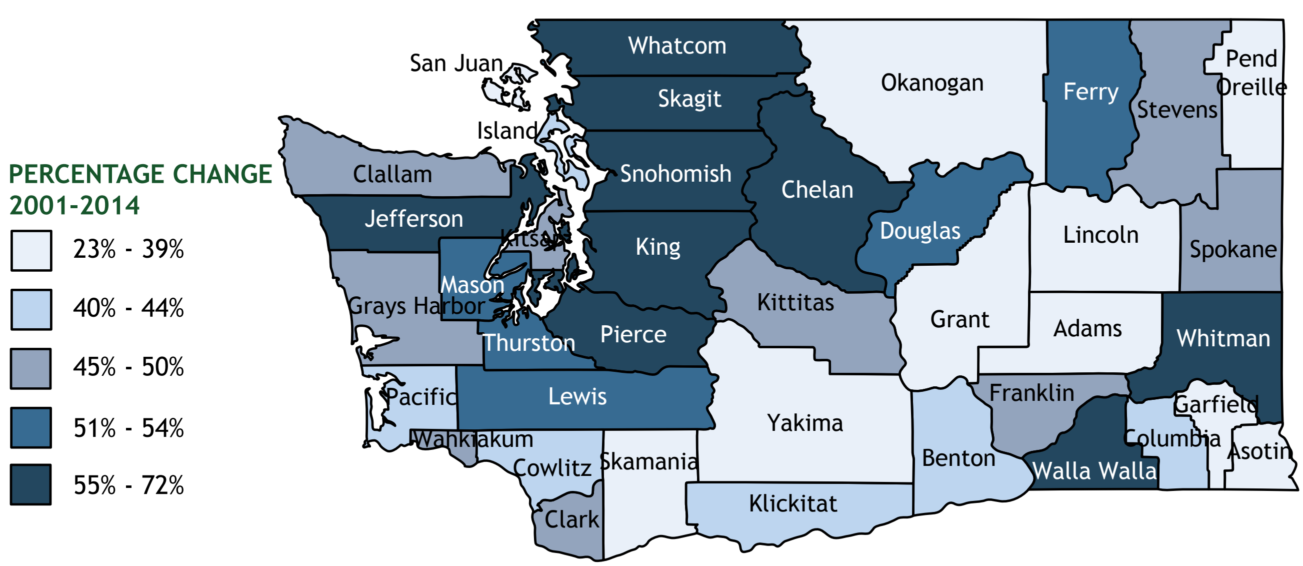
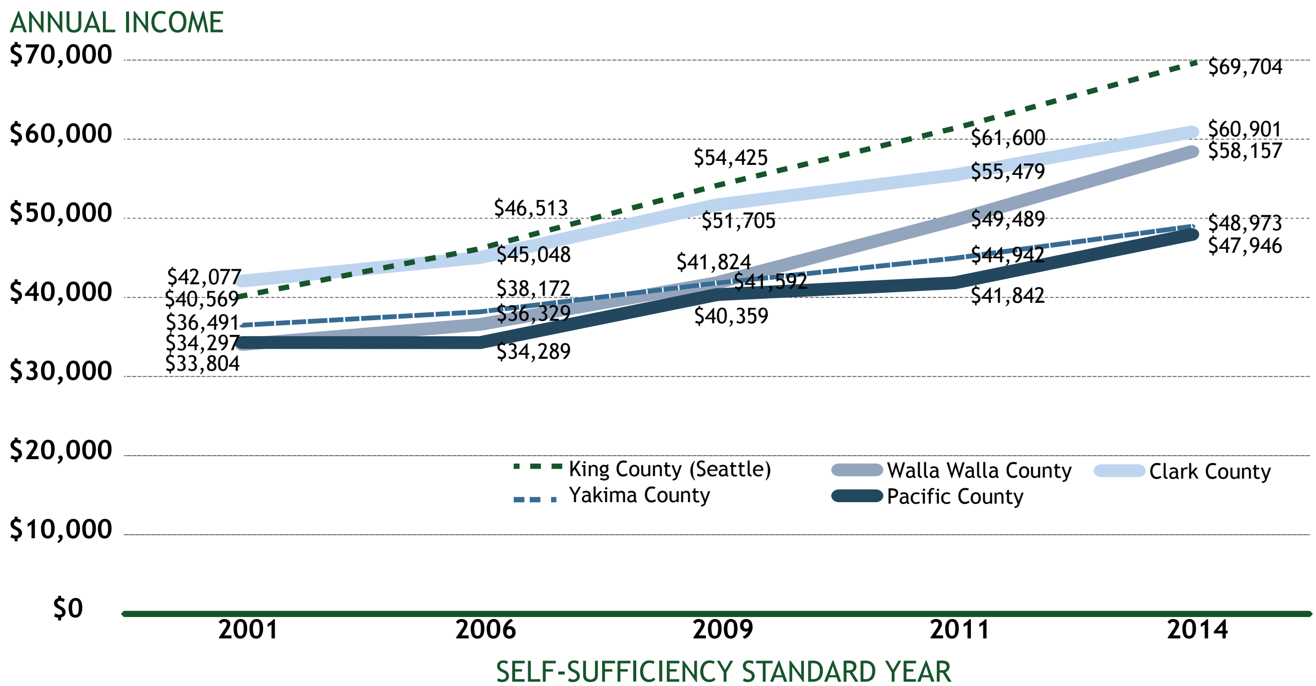


Figure 5. **The Self-Sufficiency Standard for Washington State by County and Year**
Two Adults, One Preschooler, and One School-age Child 2001, 2006, 2009, 2011, and 2014



- Health care increased the most, for both Clark County and statewide, 66% and 70% respectively.
- The increase in child care was almost as great, at 54% for Clark County and 68% statewide. In dollar terms, the cost of child care increased by almost $500 per month in Clark county over this time period, but in percentage terms this is actually less than the statewide average.
- The cost of housing increased 44% since 2001, growing from $657 to $947 per month for a two-bedroom apartment in Clark County.
- Food also increased significantly in cost, 48% in Clark County and 55% statewide over the past 13 years.
- The one area of reduced costs for families is taxes and tax credits: while taxes for this family type in Clark County have increased 31% since 2001, tax credits have increased 63%, helping to partially offset the increase in taxes and other costs.

COST OF LIVING INCREASES VERSUS EARNINGS INCREASES. While the Self-Sufficiency Standard for this four-person family in Clark County increased by 45% over the past 13 years, workers' median earnings increased by just 16% (from $28,491 to $32,946) in Clark County over the same time period. Likewise, statewide median earnings have lagged almost as far behind, increasing only 21%

Table 3. **Percent Change in the Self-Sufficiency Standard Over Time, 2001-2014,**
Clark County, WA: *Two Adults, One Preschooler, and One School-Age Child*

COSTS	2001	2014	PERCENT CHANGE 2001 TO 2014	STATEWIDE PERCENT CHANGE 2001 TO 2014
Housing	$657	$947	44%	43%
Child Care	$918	$1,409	54%	68%
Food	$521	$773	48%	55%
Transportation	$425	$557	31%	17%
Health Care	$291	$483	66%	70%
Miscellaneous	$281	$417	48%	51%
Taxes	$576	$756	31%	31%
Tax Credits*	-$163	-$267	63%	73%
SELF-SUFFICIENCY WAGE				
MONTHLY	**$3,506**	$5,075	45%	47%
ANNUAL	**$42,077**	$60,901		
MEDIAN EARNINGS**				
CLARK COUNTY	$28,491	$32,946	16%	-
STATEWIDE	$27,355	$33,149	-	21%

* Total Tax Credits is the sum of the monthly EITC, CCTC, and CTC.
** Clark County and Washington statewide Median Earnings: U.S. Census Bureau, 2013, American Community Survey 1-Year Estimates, B20002, and Census 2000 Summary File 3, P085, http://factfinder2.census.gov (accessed September 24, 2014). Data updated using the Consumer Price Index. U.S. Department of Labor, Bureau of Labor Statistics, (2014), Consumer Price Index," West Region All Items, 1982-1984=100-CUUR0400SA0," http://data.bls.gov/cgi-bin/surveymost?cu (accessed September 24, 2014).

compared to the statewide average increase of 47% in the Standard. Put another way, Washington State wages have risen in the first thirteen years of the twenty-first century at less than half the rate at which the cost of living has increased.

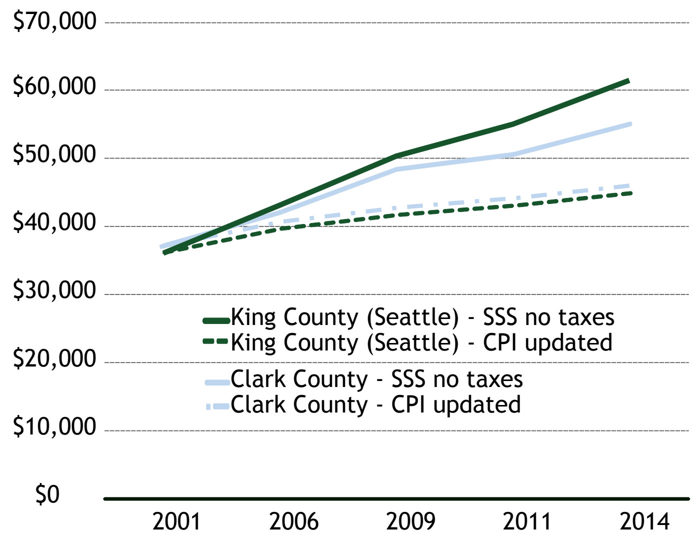
DOCUMENTING CHANGES IN LIVING COSTS WITH THE STANDARD VERSUS THE CONSUMER PRICE INDEX

The official measure of inflation in the U.S is the U.S. Department of Labor's Consumer Price Index (CPI). The CPI is a measure of the average changes in the prices paid by urban consumers for goods and services. Since the Standard measures the costs of just basic needs, the question is how the increases in costs documented here compare to official inflation rates. We examine this question in **Figure 6** by comparing the actual increase in the Self-Sufficiency Standard to what the numbers would be if we had just updated the 2001 Standard with the CPI. Since the CPI does not incorporate taxes or tax credits, these items have been removed from the Standard shown in Figure 6. Using the same four-person family as above (two adults, a preschooler and school-age child), this comparison was done for two places in Washington: Seattle (in King County) and Clark County.

The West Region Consumer Price Index (CPI) increased 32% between 2001 and 2014. If the 2001 Self-Sufficiency Standard for Seattle ($35, 939 per year without taxes/tax credits), was increased by this amount, the CPI-adjusted cost of basic needs in 2014 would be estimated to have increased to $47,590 per year.[11] Similarly, when the CPI inflation rate is applied to the 2001 Standard for Clark County ($37,120 without taxes in 2001), the CPI adjusted estimate for 2014 would be $49,153. However, the actual 2014 Self-Sufficiency Standard amounts for both of these counties are considerably higher: the actual 2014 Standard for Seattle, (without taxes/tax credits) is $61,721 per year for this family type, a 72% increase over the last 13 years. Likewise, the actual 2014 Standard for Clark County (without taxes and tax credits) is $55,024, 48% higher than in 2001.

In sum, Figure 6 demonstrates that the rate of inflation as measured by the CPI substantially underestimates the rising costs of basic needs; instead of increasing 32%, costs rose by 72% in Seattle and 48% in Clark County. Indeed, using the CPI for this family type in Seattle results in a 2014 estimate of costs that is over $14,000 less than the actual costs in the 2014 Standard. That is, estimating the increase in costs using the CPI underestimates the real increases in the cost of basic needs faced by Washington families, leaving them thousands of dollars short. This analysis also suggests that assuming that the CPI reflects the experience of households equally across the income spectrum hides the lived experience of those at the lower end. For lower income families, not only have wages stagnated, but basic costs are rising faster than for higher-income families, making worse the economic crunch, or squeeze that they are experiencing.

Figure 6. **CPI*-Measured Inflation Underestimates Real Cost of Living Increases: A Comparison of the Self-Sufficiency Standard and the Consumer Price Index, 2001-2014**
Clark County and King County (Seattle), WA
Two Adults, One Preschooler, and One School-Age Child



* U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index, "West Region All Items, 1982-84=100 - CUURA101SA0," http://data.bls.gov/cgi-bin/surveymost?cu (accessed January 12, 2011).
** Since the CPI does not incorporate taxes or tax credits, these items have been taken out of the Self-Sufficiency Standard for this comparison figure.

How Does the Self-Sufficiency Standard Compare to Other Benchmarks of Income?

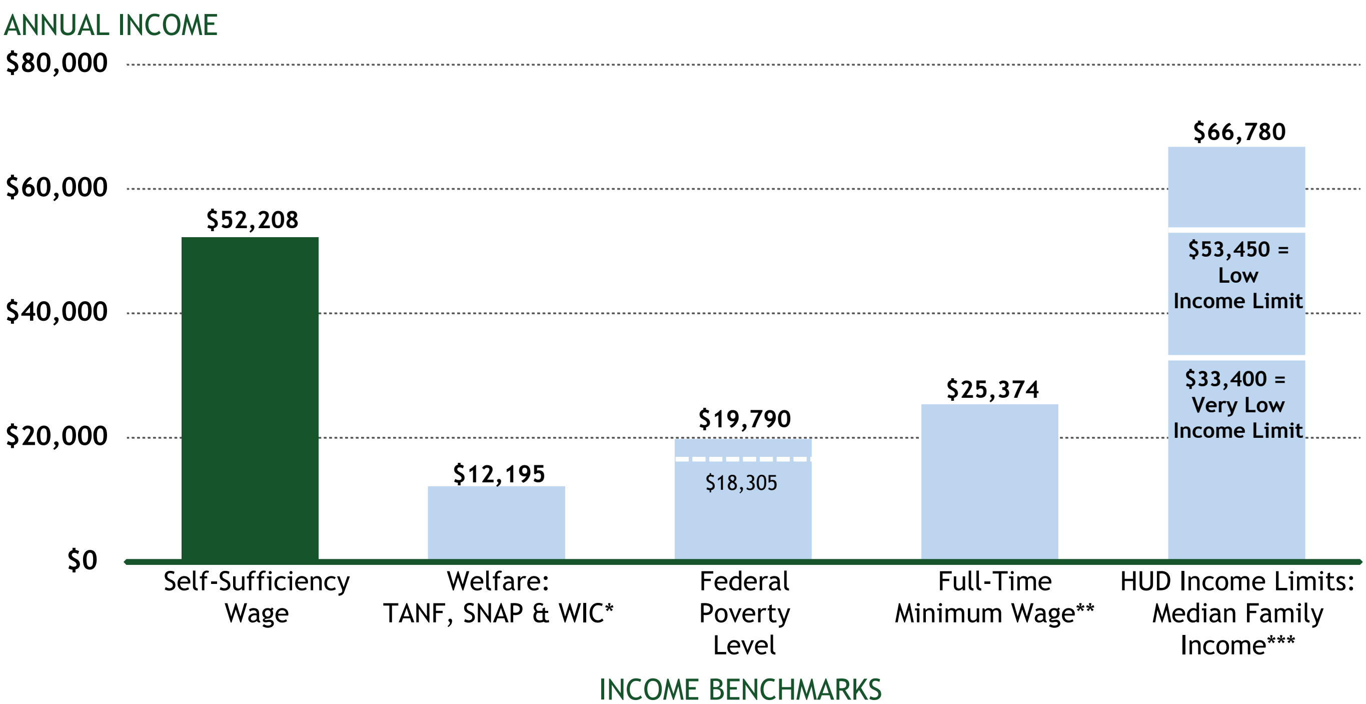
As a measure of income adequacy, how does the Standard compare to other commonly used measures? Figure 7 compares the Thurston County Self-Sufficiency Standard for one adult, one preschooler, and one school-age child, to the following income benchmarks for three-person families:

- Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program), and WIC (Women, Infants and Children);
- the Federal Poverty Level (FPL) for a family of three;
- the Washington minimum wage of $9.32 per hour; and
- the HUD median family income limits for a family of three in Thurston County.

Note that the Standard is more specific in terms of the age as well as number of children and geography that any of these other income benchmarks. Even though there is a "progression" in the amounts of each of these benchmarks, it should be noted that this comparison is not meant to show how a family would move from a lower income to economic self-sufficiency. (Instead, see below for a discussion of pathways to self-sufficiency, including the role of work supports and other approaches.) Rather, this comparison is intended to indicate how the Standard compares to other indicators of poverty or minimum income adequacy.

As indicated in the first bar in Figure 7, the Self-Sufficiency Wage for this family type in Thurston County is $52,208 per year.

Figure 7. **The Self-Sufficiency Standard Compared to Other Benchmarks, 2014**
One Adult, One Preschooler, and One School-Age Child
Thurston County, WA 2014



* For FY 2014, the TANF benefit amount is $5,736 annually, the SNAP benefit amount is $5,964 annually, and the WIC benefit amount is $495 annually for a family of three in Washington.
**The 2014 Washington minimum wage is $9.32 per hour. This amounts to $19,684 per year; however, assuming this family pays federal, state, and city taxes and receives tax credits, the net yearly income would be a larger amount, $25,374 as shown. The dashed line shows the annual income received after accounting for taxes ($18,305) but without the addition of tax credits, which are received as a yearly lump sum after filing taxes the following year.
*** The U.S. Department of Housing and Urban Development (HUD) uses area median family income as a standard to assess families' needs for housing assistance. The HUD median family income limits are for 2014.

TANF, SNAP AND WIC. The second bar on the left in Figure 7 calculates the cash value of the basic public assistance package, assuming no other income, and includes the cash value of SNAP (formerly food stamps), WIC, and TANF. This public assistance package totals $12,195 per year for three-person families in Washington, which is just 23% of the Self-Sufficiency Standard for a three-person family in Thurston County, and 62% of the FPL for a three-person family.

FEDERAL POVERTY LEVEL. A three-person family, regardless of composition or where they live, would be considered "poor" with an income of $19,790 annually or less, according to the Federal Poverty Level. The FPL for three-person families is just 38% of the Self-Sufficiency Standard for this Thurston County family.

This comparison is for just one family type. In Thurston County, the Self-Sufficiency Standard ranges from 159% of the FPL for a household with one adult and two teenagers to 326% of the FPL for a household consisting of one adult with three infants. This comparison is also for just one place. *Appendix C: Federal Approaches to Measuring Poverty* compares the percentage of the FPL needed to meet basic needs for one adult, one preschooler, and one school-age child across Washington's counties, and finds that the Self-Sufficiency Standard for this family type ranges from 171% of the FPL in Lincoln County to 377% of the FPL in East King County. See Appendix C for discussion of the related Supplemental Poverty Measure (SPM).

MINIMUM WAGE. Currently Washington State has the highest minimum wage in the country, at $9.32 per hour in 2014, which amounts to $19,684 per year working full time. Because this is earned income, payroll taxes (Social Security and Medicare) are subtracted and eligible tax credits (EITC and CTC) are added, so that a working parent with two children would have a net cash income of $25,374 per year. This net "take home" amount is more than the worker's earnings alone because the tax credits for which the family qualifies are more than the taxes owed.

Even with a high statewide minimum wage, a full-time minimum wage job in Washington State provides less than half, or 49% of the amount needed to be self-sufficient for this family type in Thurston County. If it is assumed more realistically that the worker pays taxes *monthly* through withholding, but does not receive tax credits on a *monthly* basis (as is true of all workers), her take-home income would be $18,305 during the year, shown by the dashed line on the third bar. Without including the impact of tax credits in either the minimum wage or Self-Sufficiency Standard income (but still accounting for payment of taxes), a minimum wage job amounts to just 35% of the Self-Sufficiency Standard for this family type in Thurston County.

MEDIAN FAMILY INCOME LIMITS. The U.S. Department of Housing and Urban Development (HUD) uses area median family income (i.e., half of families in the area have income above this amount, and half below) to calculate income limits to assess families' needs for housing assistance on the assumption that median income is a rough measure of the local cost of living. The Fiscal Year 2014 HUD median income for a three-person family in Thurston County is $66,780 annually.[12] HUD income limits define three levels: "low income" three-person families in Thurston County have incomes between 50 and 80% of area median income, or $33,400 and $53,450; "very low income" three-person families have incomes between 30% and 50% of area median income, or $20,050 and $33,400; and those with incomes below 30% of area median income, or $20,050, are considered "extremely low income."[13] The Self-Sufficiency Standard of $52,208 for this family type in Thurston County is in the HUD "low income" range, demonstrating that the Standard is a conservative measure of the minimum required to be self-sufficient in Thurston County. (Note that with limited resources, most federal housing assistance goes to families with incomes that are considered "very low" or "extremely low.")

The Wage Gap: Which Washington State Occupations Provide Self-Sufficiency Level Wages?

Since almost all working-age families meet their income needs with employment, a crucial question is whether the jobs available provide sufficient wages.

To answer this question, the wages of the ten most common occupations (by number of employees) in Washington State are compared to the Standard. The Standard used is that for a one-parent family with a preschooler and school-age child in the Richland and Kennewick areas of Benton County, which is $22.72 per hour and $47,983 per year.[14] This amount is representative of the median Standard in Washington State. These ten occupations, which include 19% of Washington workers, and their median wages are listed in **Table 4**.

The median wage of eight of the state's top ten occupations, representing 15% of all Washington workers, is below the Self-Sufficiency Standard for this family type in Benton County. Indeed, four of Washington's top ten occupations have median earnings that are half or less of the Standard for a Richland/Kennewick family with one adult, one preschooler, and one school-age child.

The most common Washington occupation is retail salespersons and accounts for 4% of all Washington workers. With median hourly earnings of $11.64 per hour (median annual earnings of $24,208), the top occupation in Washington provides workers with earnings that are only 50% of the Standard for this family type in the Richland and Kennewick area of Benton County. In fact, two adults working full time at this wage would still not be able to earn the minimum needed to support a preschooler and a school-age child in Benton County, as the Self-Sufficiency Standard for *two* adults with one preschooler and one school-age child requires *each* adult to earn at least $12.96 (a total of $54,747 annually) per hour working full time.

Table 4. **Wages of Washington's Ten Largest Occupations, 2014**

OCCUPATION TITLE	NUMBER OF EMPLOYEES	MEDIAN WAGE		PERCENT OF STANDARD BENTON COUNTY
		Hourly	Annual*	
All Occupations	2,827,200	$20.16	$41,928	87%
Retail Salespersons	99,570	$11.64	$24,208	50%
Cashiers	66,060	$11.34	$23,572	49%
Combined Food Preparation and Serving Workers	57,300	$9.71	$20,180	42%
Registered Nurses	53,060	$37.20	$77,378	161%
Software Developers Applications	52,000	$54.24	$112,819	235%
Waiters and Waitresses	42,960	$9.81	$20,405	43%
Laborers and Freight Stock and Material Movers Hand	42,180	$13.98	$29,076	61%
Office Clerks General	41,280	$14.88	$30,951	65%
Customer Service Representatives	39,980	$17.08	$35,543	74%
Bookkeeping Accounting and Auditing Clerks	39,480	$18.96	$39,427	82%
SELF-SUFFICIENCY STANDARD FOR ONE ADULT, ONE PRESCHOOLER, AND ONE SCHOOL-AGE CHILD				
Benton County (Kennewick-Richland)		$22.72	$47,983	100%

* Wages adjusted for inflation using the West region Consumer Price Index from the Bureau of Labor Statistics.

Source: US Department of Labor, "May 2013 State Occupational Employment and Wage Estimates," Databases and Tables, Occupational Employment Statistics, http://www.bls.gov/oes/data.htm (accessed September 24, 2014).

ONLY TWO OF THE STATE'S TOP OCCUPATIONS, REGISTERED NURSES AND SOFTWARE DEVELOPERS, YIELD EARNINGS THAT ARE ABOVE THE MINIMUM REQUIRED TO MEET BASIC NEEDS

Similarly, the median wages of three more of the top ten occupations—cashiers at $11.34 per hour, food preparation and serving workers at $9.71 per hour, and waiters and waitresses at $9.81 per hour—are such that even working two full-time jobs would not yield enough income to meet this single-parent family's basic needs.

Only two of the state's top occupations, registered nurses and software developers, yield earnings that are above the minimum required to meet basic needs in Benton County for a three-person family with one adult, one preschooler, and one school-age child. The median wage of registered nurses is 161% of the Benton County Standard for this family type and for software developers the median wage is 235% of the Standard.

These numbers reflect the shift towards an increased number of low-wage jobs in the recovery from the Great Recession. That is, while job losses of the Great Recession were concentrated disproportionately in mid-wage occupations, as the economy recovers the job gains have been disproportionately in lower-wage occupations.[15] Put another way, 85% of workers in the most common occupations, many of them in the fast growing but low wage service sector, do not earn wages sufficient to support their families. [Note that it also illustrates the rapid growth of income inequality: this is the first Self-Sufficiency Standard report for Washington, or any state, to have the job category of software developers among the top ten jobs, and the first time a job with a median wage of over $100,000 is among the top ten occupations.]

This growing job gap has consequences in increased economic distress, as increasing numbers of workers struggle to make ends meet at wages well below the minimum needed to meet their needs. At the same time, this analysis of the wages of the state's most common occupations demonstrates that the economic insecurity faced by so many of Washington's workers does not reflect a lack of work effort, or lack of skills, but simply that wages are too low in many common Washington occupations, a situation exacerbated by the unbalanced post-Great Recession recovery.

***

There are two basic approaches to closing the income gap between low wages and what it really takes to make ends meet: reduce costs or raise incomes. The next two sections will discuss strategies used in each of these approaches. The first approach relies on strategies to reduce costs, often temporarily, through work supports (subsidies), such as food and child care assistance. Strategies for the second approach, raising incomes, include broader approaches such as increasing education levels, incumbent worker programs, and nontraditional job tracks as well as directly increasing incomes through raising the minimum wage. Reducing costs and raising incomes are not necessarily mutually exclusive, but can occur sequentially or in tandem, at the individual level or at the community, state or national level. For example, some parents may seek education and training that leads to a new job, yet continue to supplement their incomes with work supports until their wages reach the self-sufficiency level.

Closing the Wage Gap: Reducing Costs

As described above, given the current job situation, many families struggle to meet their families' basic needs on earnings alone. Work supports (subsidies or assistance) can help working families achieve economic stability, so that they do not need to choose between basic needs, such as scrimping on nutrition, living in overcrowded or substandard housing, or leaving children in unsafe or non-stimulating environments. With such stability, parents can not only obtain jobs, but are able to retain employment, a necessary condition for improving wages. This section models how work supports can reduce a family's expenses until they are able to earn Self-Sufficiency Wages, thus closing the gap between actual wages and what it really takes to make ends meet.

Work supports include programs such as:

- *child care assistance*: Washington's Working Connections Child Care program;
- *health care assistance*: Washington Apple Health (Medicaid) and Washington Apple Health for Kids (Children's Health Insurance Program);
- *food assistance*: Basic Food (Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program) and the Women, Infants and Children (WIC) Program;
- *housing assistance*: Section 8 vouchers and public housing.

Although not a work support per se, child support is also modeled as it assists families in meeting basic needs.

WORK SUPPORTS CAN HELP WORKING FAMILIES ACHIEVE STABILITY WITHOUT NEEDING TO CHOOSE BETWEEN BASIC NEEDS

Although analyzed here, this modeling should not imply that all households with inadequate income receive these work supports or child support. Unfortunately, these supports are not available or accessible to all who need them due to eligibility criteria, lack of sufficient funding to help all who are eligible, waiting lists, administrative barriers, lack of knowledge or legal enforcement, or the perceived stigma of receiving assistance. Yet, when families do receive them, work supports, tax credits, and child support play a critical role in helping families move towards economic self-sufficiency.

HOW DO WORK SUPPORTS AND CHILD SUPPORT REDUCE COSTS?

Our starting point is the Self-Sufficiency Standard, which is calculated without any assistance, public or private, and then we add work supports (one by one). Table 5 provides a summary of the work supports, child support, and tax credits modeled in this section, while Figure 8 shows the income eligibility levels for the work supports modeled in this section.

Figure 8. **Eligibility Levels for Washington State Work Supports**
One Adult, One Preschooler, and One School-Age Child: Spokane County, WA 2014

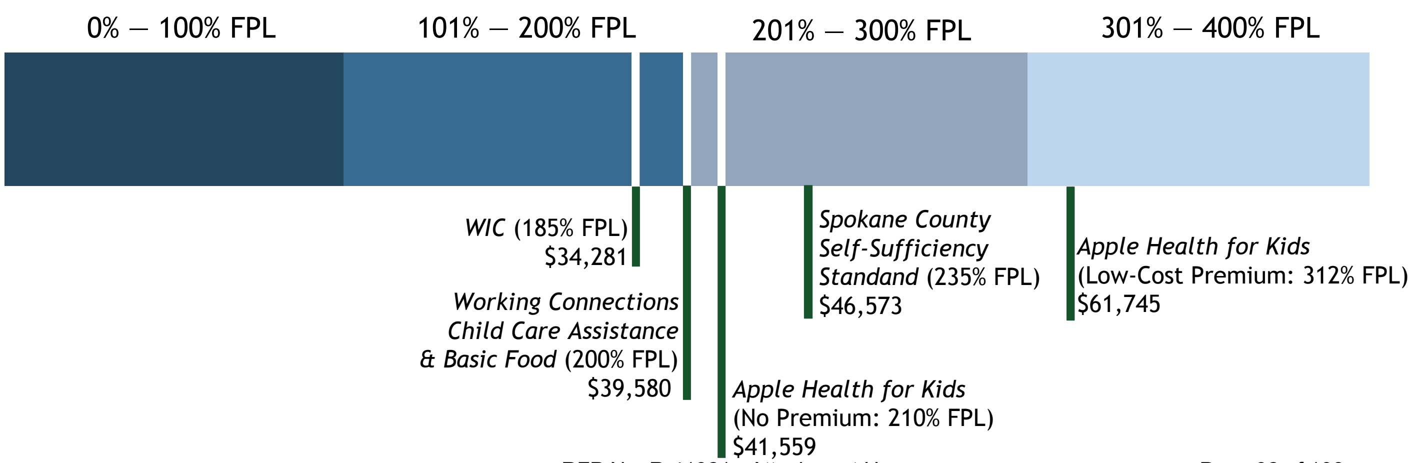


Table 5. **Summary of Washington State Work Supports, Child Support, and Tax Credits**

WORK SUPPORT PROGRAM	BENEFIT	INCOME ELIGIBILITY
CHILD CARE ASSISTANCE (Washington Working Connections Child Care)	Child care costs are reduced to a monthly co-payment which is dependent on income level. For example, a family earning below 82% of the FPL pays a $15 co-pay while a family with income between 82% and 137.5% of the FPL pays a $65 co-pay. Families with income between 137.5% and 200% of the FPL pay a co-pay of $65 plus 50% of countable income above 137.5% of the FPL.	Eligibility for Working Connections Child Care is set at 200% of the FPL.
HOUSING ASSISTANCE (Section 8 Housing Vouchers & Public Housing)	Housing costs are typically set at 30% of adjusted gross income.	Households may be eligible with incomes that are 80% of area median income. However, due to limited funding most new program participants must have income below 30% of area median income.
MEDICAID (Washington Apple Health)	Health care benefits are fully subsidized.	Adults are covered with income up to 138% FPL.
CHILDREN'S HEALTH INSURANCE PROGRAM (Washington Apple Health for Kids)	Health care benefits for children under 19 years of age with either no or full premiums depending on income and number of children insured.	Children in families with income below 312% of the FPL are eligible.
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP), FORMERLY FOOD STAMP PROGRAM (Washington Basic Food)	Maximum benefit for a family of 3: $497 per month. Maximum benefit for a family of 4: $632 per month. Average SNAP benefit per household in Washington: $237 per month.	Families must earn gross income less than 130% of the FPL to be eligible and must also meet net income (gross income minus allowable deductions) guidelines.
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)	Average monthly benefit of $41 in Washington for purchasing supplemental nutritious foods. Also includes breastfeeding support and health education.	Pregnant and postpartum women and children up to age 5: at or below 185% FPL.
CHILD SUPPORT	Average payment is $198 per month in Washington.	No income limit.
FEDERAL TAX CREDITS*		
FEDERAL EARNED INCOME TAX CREDIT (EITC)	Maximum benefit for families with 1 child: $3,305 per year. Maximum benefit for families with 2 children: $5,460 per year. Maximum benefit for families with 3+ children: $6,143 per year.	One-parent family with 1 child: up to $38,511. One-parent family with 2 children: up to $43,756 One-parent family with 3+ children: up to $46,997.
FEDERAL CHILD AND DEPENDENT CARE TAX CREDIT (CCTC)	$3,000-$6,000 annual tax deduction.	No income limit.
FEDERAL CHILD TAX CREDIT (CTC)	Up to $1,000 annual tax credit per child. Benefit is reduced by $50 for every $1000 over income threshold.	"Married filing jointly: up to $110,000. Head of Household: up to $75,000. Refundable portion limited to earnings over $3,000. "

Note: Eligibility and benefits for work supports and tax credits change routinely—typically yearly. The information reported in Table 5 represents eligibility and benefit guidelines for 2014. The 2014 Federal Poverty Level (FPL) for a family of three is $19,790 (annual income). See http://aspe.hhs.gov/poverty/14poverty.shtml.

Table 6 shows the impact of work supports. The family type used here is a Spokane County family with one adult, one preschooler, and one school-age child. Column #1 of Table 6 shows the costs in the Standard, without any work supports or child support, with various combinations of work supports and child support shown in the subsequent columns. In columns #2-#6 of Table 6, the work supports modeled are listed in the column headings and monthly costs that have been reduced by these work supports are indicated with bold font in the table (brackets surrounding column titles in the table show that a work support was modeled but the family was not eligible to receive it and therefore the corresponding monthly cost was not reduced).

THE SELF-SUFFICIENCY STANDARD (COLUMN #1). Without any work (or other) supports to reduce costs, to meet the cost of basic needs, this Spokane family needs to earn $3,881 per month. This family has monthly child care expenses of $1,224 and monthly housing costs of $773. The adult in this family must earn a Self-Sufficiency Wage of $3,881 per month, or $22.05 per hour working full time, to meet the family's basic needs without the help of public or private assistance.

CHILD SUPPORT (COLUMN #2). Child support payments from absent, non-custodial parents can be a valuable addition to family budgets. The average amount received by families participating in the child support enforcement program in Washington is $198 per month (see column #2).[16] Adding child support reduces the wage needed by this parent to meet basic needs to $3,625 per month, or $20.60 per hour.

CHILD CARE (COLUMN #3). Because child care is a major expense for families with young children, child care assistance often provides the greatest financial relief of any single work support, and at the same time adds stability for parents, children, and employers. Families must have incomes below 200% of the FPL to be eligible for Washington's child care assistance program, known as Working Connections Child Care (WCCC).[17] Adding the impact of child care assistance reduces the monthly wage needed by roughly one-third, to $2,831 ($16.08 per hour).

CHILD CARE, FOOD, AND TRANSITIONAL MEDICAID (COLUMN #4). For adults transitioning from cash assistance to employment, child care assistance, food assistance, and transitional Medicaid comprise the typical "package" of benefits.

- Under the assumption that transitional Medicaid covers all of the family's health care expenses, health care costs are reduced from $410 per month to zero in column #4.
- Basic Food and WIC reduce food costs from $560 to $425 per month (families are eligible for Basic Food with incomes up to 200% of the FPL in Washington State and for WIC with incomes up to 185% of the FPL).[18]
- Working Connections Child Care reduces the family's child care copayment to $65 per month.

Altogether, these work supports reduce the wage required to meet basic needs to just $2,036 per month, just over half (52%) of the full Self-Sufficiency Standard. With the help of these crucial work supports, this Spokane County family making the transition from public assistance/non-employment would be able to meet the family's basic needs at a starting wage of $11.57 per hour. This is just two dollars over the state minimum wage, and four of Washington's top ten occupations pay median wages that are close to this starting wage.

CHILD CARE, FOOD, APPLE HEALTH FOR KIDS (COLUMN #5). After 12 months, the adult would no longer be eligible for transitional Medicaid, but would be eligible for Washington's Apple Health which is now expanded to cover adults under the Affordable Care Act (ObamaCare). Additionally, children in families with income up to 210% of the FPL are eligible for health insurance with no premiums and children in families with income between 210% and 312% of the FPL are eligible for low-cost premiums.

Column #5 shows the effects of the adult transitioning to an employer-sponsored health plan while still keeping the children covered by Apple Health for Kids. Assuming the adult pays for her portion of health insurance through her employer, the health care costs for the family go up to $113 to cover the adult. The additional income needed to cover that expense lowers the Basic Food benefit, raising food costs from $425 to $492. The minimum monthly wage needed under these circumstances is $2,231 ($12.67 hourly).

CHILD CARE, FOOD, APPLE HEALTH, AND HOUSING (COLUMN #6). Housing assistance has a substantial impact on helping families meet their basic needs, as can be seen by comparing column #4 and #5 to column #6. By reducing the cost of housing to 30% of income, through a housing voucher or other assistance, housing costs drop from $773 to $485 per month.[19] Additionally, health care costs drop to $0 as the entire family is modeled to be covered by the Apple Health program. The addition of housing assistance reduces the income needed to meet basic needs, thereby increasing the potential food subsidy level and lowering food costs to $350 per month. With the full benefit package, a parent with one preschooler and one school-age child living in Spokane County can meet basic needs with an income of just $1,634 per month. Note however that very few families receive all of these benefits.

A NOTE ON REFUNDABLE TAX CREDITS. All taxes and tax credits are shown in the Standard as monthly because the Standard costs are shown as a monthly budget. However, because families do not actually receive the refundable tax credits monthly, but instead receive them at the end of the year (as tax refunds), the annual amounts of the refundable tax credits are shown in the shaded rows at the bottom of the table for columns #2-#6. (This annual total assumes that the adult works full time at these wages throughout the year.) The amounts vary significantly, depending upon income. When costs are only reduced by child support as in column #2, the family's income is high enough that refundable tax credits total only $519. In column #6, in which the full work support package is modeled, the parent is eligible for over $7,000 in annual refundable tax credits.

Table 6. **Impact of the Addition of Child Support and Work Supports on Monthly Costs and Self-Sufficiency Wage**

One Adult, One Preschooler, and One School-Age Child: Spokane County, WA 2014

Each column demonstrates how specific work supports can lower the cost of specific basic needs, and therefore lessen the income necessary to meet all of a family's basic needs. Costs that have been reduced by these supports are indicated with bold font in the table. Brackets surrounding column titles show that a work support was modeled but the family was not eligible to receive it in that column based on income eligibility.

	#1	#2	#3	#4	#5	#6
	SELF-SUFFICIENCY STANDARD	CHILD SUPPORT	CHILD CARE	CHILD CARE, SNAP/ WIC* & TRANSITIONAL MEDICAID	CHILD CARE, SNAP/WIC, APPLE HEALTH FOR KIDS	HOUSING, CHILD CARE, SNAP/WIC, APPLE HEALTH & APPLES HEALTH FOR KIDS
MONTHLY EXPENSES:						
Housing	$773	$773	$773	$773	$773	**$485**
Child Care	$1,224	$1,224	**$251**	**$65**	**$65**	**$65**
Food	$560	$560	$560	**$425**	**$492**	**$350**
Transportation	$266	$266	$266	$266	$266	$266
Health Care	$410	$410	$410	**$0**	**$113**	**$0**
Miscellaneous	$323	$323	$323	$323	$323	$323
Taxes	$591	$495	$356	$213	$248	$154
TOTAL MONTHLY EXPENSES (Net of Work Supports)	**$4,148**	**$4,051**	**$2,940**	**$2,065**	**$2,279**	**$1,643**
ADDITIONAL MONTHLY RESOURCES:						
Total Tax Credits**	(267)	(228)	(109)	(29)	(48)	0
Child Support	0	**(198)**	**0**	**0**	**0**	**0**
TOTAL ADDITIONAL MONTHLY RESOURCES	**(267)**	**(426)**	**(109)**	**(29)**	**(48)**	**0**
SELF SUFFICIENCY WAGE: (Total Monthly Expenses Minus Total Additional Monthly Resources)						
HOURLY	**$22.05**	**$20.60**	**$16.08**	**$11.57**	**$12.67**	**$9.34**
MONTHLY	$3,881	$3,625	$2,831	$2,036	$2,231	$1,643
ANNUAL	$46,573	$43,501	$33,969	$24,433	$26,769	$19,718
ANNUAL REFUNDABLE TAX CREDITS:**						
Total Federal EITC		$54	$2,061	**$4,069**	**$3,577**	**$5,062**
Total Federal CTC		$465	$1,448	$1,886	$1,644	$2,000

* WIC is the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) in Washington. Assumes average monthly value of WIC benefit $41.29 (FY 2014). SNAP is the Supplemental Nutrition Assistance Program, formerly known as the Food Stamp Program.

** The Standard shows refundable and nonrefundable tax credits as if they are received monthly. However, in order to be as realistic as possible, tax credits that are available as a refund on annual taxes are shown at the bottom of this table. EITC is shown only as an annual tax credit. The nonrefundable portion of the Child Tax Credit (which is a credit against federal taxes) is shown as available to offset monthly costs, and the refundable portion is shown in the bottom of the table. The Child Care Tax Credit on the other hand is nonrefundable, and therefore is only shown as part of the monthly budget and does not appear in the bottom shaded rows of the table.

HOW DO WORK SUPPORTS INCREASE WAGE ADEQUACY?

Table 6 shows how child support and work supports reduce the wage needed to meet basic needs. In contrast, Figure 9 starts with specific wages and asks "How adequate are these wages in meeting a family's needs, with and without various combinations of work supports?" Wage adequacy is defined as the degree to which a given wage is adequate to meet basic needs, taking into account the financial impact of various work supports, or lack thereof. If wage adequacy is at or above 100%, the wage is enough or more than enough to meet all of the family's basic needs; if it is below 100%, it is only adequate to cover that percentage of the family's basic needs. For example, if wage adequacy is at 80%, then the wage only covers 80% of the cost of meeting that family's basic needs.

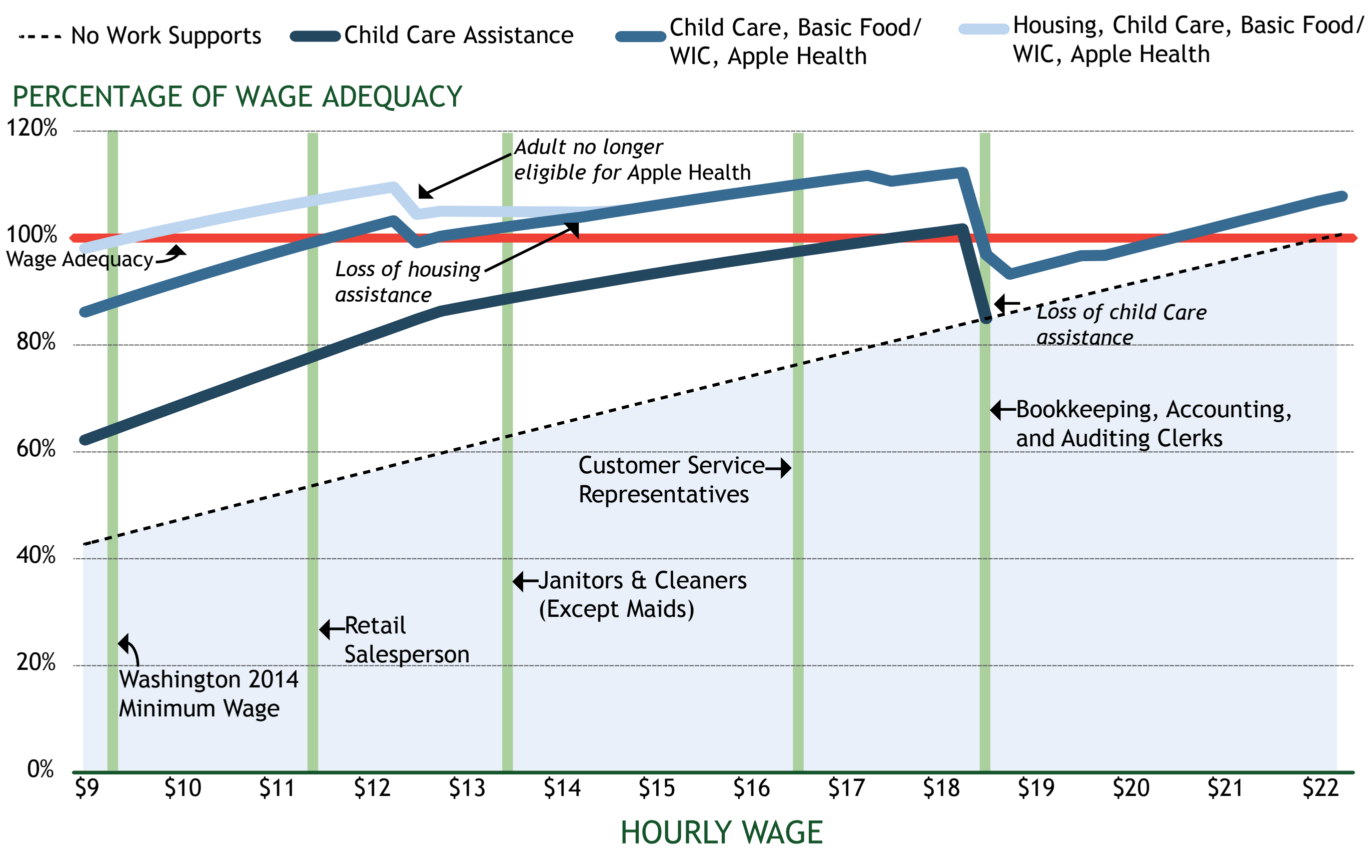
As wages increase, starting out at minimum wage, work supports help close the gap between actual wages and how much it takes to meet basic needs. Modeling the same family type as in Table 6 (one parent with one preschooler and one school-age child in Spokane County), Figure 9 shows the impact of work supports on wage adequacy as the parent's income increases. The dashed line provides the baseline, showing the adequacy of various wages without any work supports. Each solid line represents a different work support package, and shows how much wage adequacy increases above the dashed baseline as a result of the addition of work supports. In addition to Figure 9, see *Appendix E: Modeling the Impact of Work Supports on Wage Adequacy* for a detailed table of the exact amounts of each work support modeled in the figure.

WASHINGTON MINIMUM WAGE. With a Washington State 2014 minimum wage of $9.32 per hour, a Spokane single parent with two children working full time earns less than half (only 44%) of the income needed to meet her family's basic needs if she is not receiving any work supports (see the dashed line in Figure 9).[20]

However, if the parent receives Working Connections Child Care (the first solid line from the bottom in Figure 9), the monthly cost of child care decreases from $1,224 to just $65, and wage adequacy increases to 64%—still covering less than two-thirds of her monthly expenses. If the family also receives assistance with food (Basic Food and WIC) and health care (Apple Health for the adult and children) the cost of food decreases to $282 per month and health insurance to $0 per month, increasing wage adequacy to 88% (shown in the second solid line from the top in Figure 9). With the addition of housing assistance combined with the other work supports, housing costs are reduced to 30% of the family's income and wage adequacy reaches 99% (top solid line in Figure 9).

RETAIL SALESPERSONS. Retail salespersons are the most common occupation in Spokane County. Working

Figure 9. **Impact of Work Supports on Wage Adequacy**
One Adult, One Preschooler, and One School-Age Child
Spokane County, WA 2014



at the retail salesperson's median wage of $11.36 per hour, this Spokane single parent's wage adequacy would be 53% without any assistance. However, the addition of just child care assistance increases her wage adequacy to 78%, and if she also receives food assistance and Apple Health for the whole family, it reaches 99%. Receiving the full work support package with housing assistance allows her to meet 107% of the family's basic needs.

JANITORS & CLEANERS (EXCEPT MAIDS). At the median wage of janitors and cleaners, which is $13.42 per hour, this single parent would be able to cover 63% of her family's basic needs without any work supports. With child care assistance her wage adequacy would increase to 89%. If she also receives food assistance and Apple Health for Kids, wage adequacy reaches just above 100%. Note that at this income level the adult is no longer eligible for the Apple Health program and health care costs increase to $113 per month.

CUSTOMER SERVICE REPRESENTATIVES. The median wage of customer service representatives in Spokane County, $16.67 per hour, is such that this single parent would be able to meet three-fourths (77%) of the income needs of her family without any assistance. Receiving assistance with child care costs increases the wage adequacy to 98%. The further addition of food assistance and Apple Health for Kids increases the wage adequacy to 110%.

BOOKKEEPING, ACCOUNTING, AND AUDITING CLERKS. If this parent's wage was $18.50 per hour, which is the median hourly wage for bookkeeping, accounting, and auditing clerks, she would earn enough for her to cover 85% of her family's basic needs without any assistance. At this wage level the family is no longer eligible for Working Connections Child Care Assistance and must pay for the full cost of child care ($1,224 per month). Due to the dependent care deduction she is once again eligible for Basic Food and food costs decrease to $384 per month. With the help of Apple Health for Kids and Basic Food, the parent is able to meet 97% of the family's basic needs.

Appendix E: Modeling the Impact of Work Supports on Wage Adequacy shows the Impact of Work Supports on Wage Adequacy in a full table format, including detail of the impact on specific monthly expenses.

Closing the Wage Gap: Raising Incomes

For families whose earnings are below 100% wage adequacy, work supports for high-cost necessities such as child care, health care, and housing are frequently the only means to meet basic needs. However, true long-term self-sufficiency means the ability of families to meet basic needs without any public or private assistance. Fully closing Washington State's wage gap will require increasing the skills of low-wage workers, recognizing the importance of asset building, and public policies that make work pay.

INCREASE SKILLS

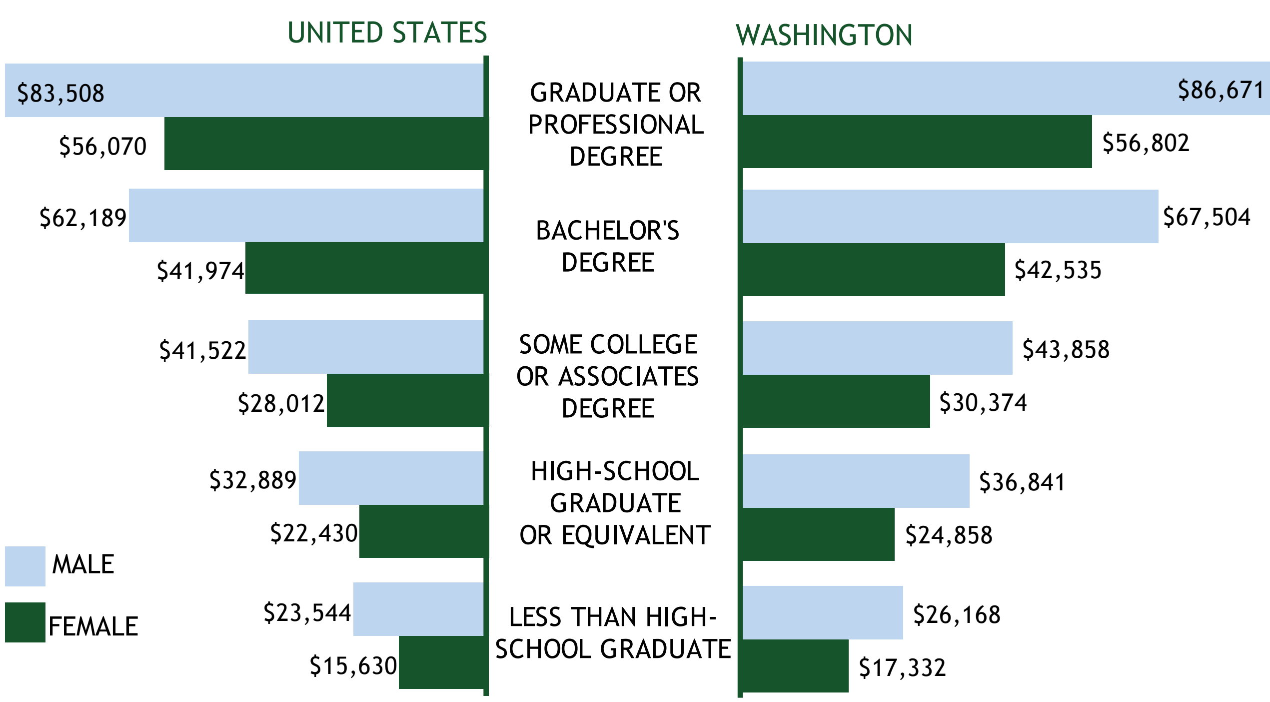
POST-SECONDARY EDUCATION/TRAINING. Increasing the skills of low-wage workers provides paths to self-sufficiency and strengthens local economies. As businesses increasingly need workers with higher skill levels, a high school diploma or GED does not have the value that it once had in the job market.[21] As shown in **Figure 10**, the median earnings of male and female workers in Washington grow as education levels increase.[22] While increased education is important for both men and women, the gender wage gap at every level continues to present additional challenges for women workers.

BASIC ADULT EDUCATION. For many workers with inadequate education, language difficulties, or insufficient job skills or experience, basic adult education programs are an important first step. Due to welfare time limits and restrictions on education and training, short-term, high quality programs that teach basic skills and job skills together in a work-related context are important.

NONTRADITIONAL OCCUPATIONS. For women, many "nontraditional" occupations (NTOs), such as in manufacturing, technology, and construction, require relatively little post-secondary training, yet can provide wages at self-sufficiency levels. In particular, demand for workers in the "green economy" is anticipated and investing in NTO training programs for women will broaden the pool of skilled workers available to employers and create a more diverse workforce that is reflective of the community.[23]

INCUMBENT WORKER TRAINING. For low-income workers who are already in an industry that offers adequate wages to medium or high-skilled workers, incumbent worker training creates a career ladder to self-sufficiency.

Figure 10. **Impact of Education on Median Earnings by Gender, 2014**



Source: U.S. Census Bureau, American Factfinder, 2012 American Community Survey, "B20004. Median Earnings by Sex by Educational Attainment for the Population 25 Years and Over," Detailed Tables, http://factfinder2.census.gov/ (accessed September 12, 2014).

Training incumbent workers allows employers to retain their employees while giving employees an opportunity to become self-sufficient. Retraining and training current employees is a "win-win" (for both employer and employee) strategy in many industries, particularly those which rely on skills and technology unique to a given company or industry subset.

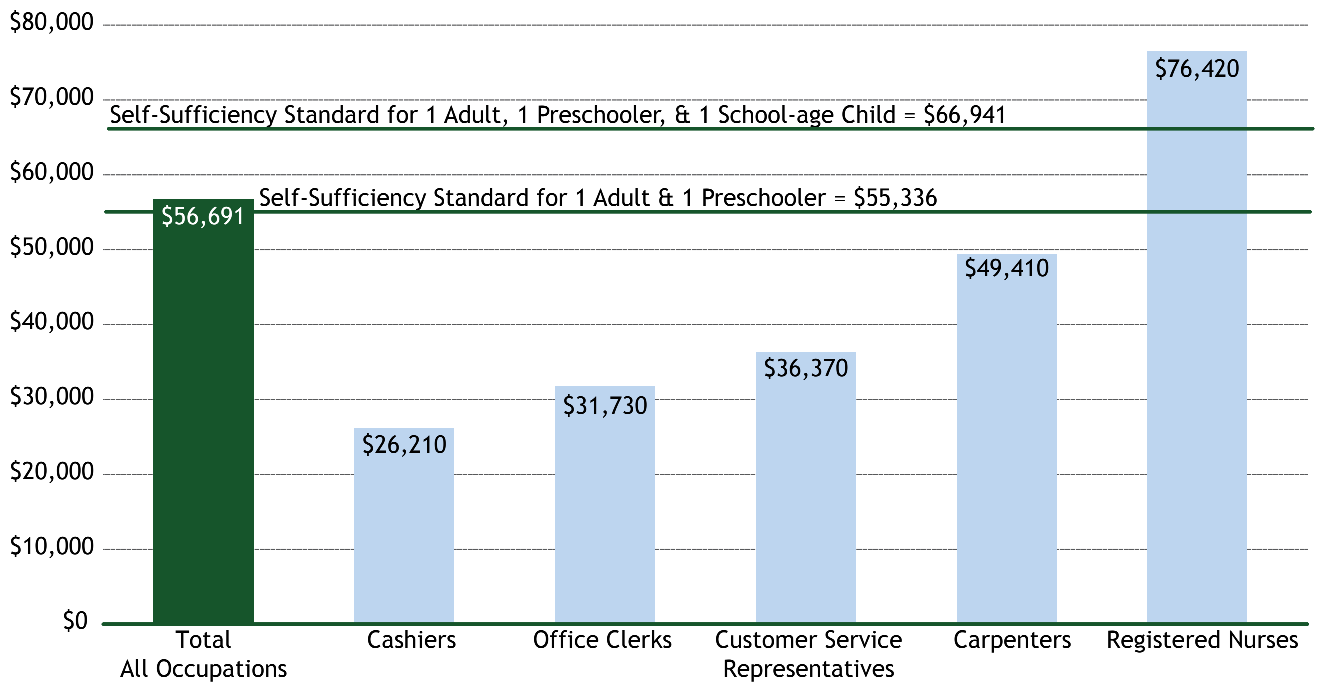
TARGETED JOBS/SECTOR STRATEGIES. Aligning training and postsecondary education programs with the workforce needs of the local labor market increases the potential income of low-wage workers and helps communities strengthen their local economies by responding to businesses' specific labor needs. Targeting job training programs towards occupations with both high growth projections and self-sufficient wages is one way to respond to workforce needs. **Figure 11** shows median earnings for select high-growth occupations in Washington (obtained from the Washington State Employment Security Department) compared to the Standard for two family types in Snohomish County (West County Cities).

CAREER COUNSELING. Opportunities to increase the skills of low-wage workers requires balancing work requirements and access to training, as well as providing income supports for low-income employed parents in college or training. Helping low-wage workers balance work, family, and financial responsibilities through career counseling, child care assistance, transportation assistance, or flexible scheduling can increase success.

INCREASE ASSETS

INDIVIDUAL DEVELOPMENT ACCOUNTS. A necessary aspect of long-term economic security is the accumulation of assets. For families with no savings, the slightest setback—an unexpected hospital bill or a reduction in work hours—can trigger a major financial crisis. Individual Development Account (IDA) programs are one way to encourage asset building for low-wage workers. IDAs are savings accounts to which families make regular contributions which are then matched by contributions from a public or private entity and managed by community-based organizations. The savings can only be used for certain objectives that enhance long-term economic

Figure 11. **Self-Sufficiency Standard for Snohomish County (West County Cities) Compared to Occupations with High Employment Prospects in Washington, 2014**



Source: Washington State Employment Security Department, Occupational Employment and Wage Estimates, "2014 Data," https://fortress.wa.gov/esd/employment-data/reports-publications/occupational-reports/occupational-employment-and-wage-estimates (accessed September 24, 2014) and Washington State Employment Security Department, Employment Projections, "All Occupational Projections," https://fortress.wa.gov/esd/employmentdata/reports-publications/industry-reports/employment-projections (accessed September 24 ,2014).

security, such as the down payment for a house, payment for higher education, or start-up costs for a small business. (Please see the next section, *Moving Towards Economic Security*, for an expanded discussion of savings, asset accumulation, and investments to achieve greater economic security beyond meeting daily basic needs.)

RAISE WAGES

As demonstrated in this report, in many cases even two adults working full time must each earn well beyond a minimum wage to meet their family's basic needs. Raising wages can have a positive impact not only for workers, but also for their employers by decreasing turnover, increasing work experience, and reducing training and recruitment costs.

MINIMUM WAGES. One method to increase salaries of low-wage workers is to increase and index the minimum wage, thus providing a floor under wages for all workers, and insuring that the wages will continue to keep pace with inflation. Minimum wages can be set at the federal level, but also at the state and local level. While the federal minimum wage has remained at $7.25 an hour since 2009, 22 states have passed higher minimum wages, with nine indexing them as well.[24] The highest (and indexed) is Washington State at $9.32 per hour.[25] Eleven states have enacted legislation that will lead to higher wages in the future.[26] The highest local wage to be enacted to date is that of Seattle, Washington, which will reach $15 per hour in as little as three years for workers of large employers, and by 2021 for all workers (and thereafter will be indexed).[27]

LOCAL LIVING WAGES. Localized living wage laws are another approach to raising wages of workers. These laws mandate that public employers, as well as contractors and employers receiving public subsidies, pay a "living wage," thus impacting private sector as well as public sector wages.

UNIONIZATION. According to the Bureau of Labor Statistics and the U.S. Department of Labor, union representation of workers also leads to higher wages and better benefits.[28] This union "premium," controlling for other factors is worth about 13.6% in increased wages.[29] However, the percentage of workers represented in unions over the past half century has decreased, now only about 7% of private sector, and 35% of public sector workers are union members.[30]

PAY EQUITY LAWS. Pay equity laws require employers to assess and compensate jobs based on skills, effort, responsibility, and working conditions, and not based on the gender or race/ethnicity of the job's occupants.[31] Women and people of color all too often face artificial barriers to fair hiring, fair wages, and equal benefits and promotion opportunities—barriers not addressed by tax credits or training and education strategies. It is important to recognize that not all barriers to self-sufficiency lie in the individuals or families seeking self-sufficiency, but that some are gender- or race-based structural constraints and discrimination.

How Has the Self-Sufficiency Standard Been Used?

While the Self-Sufficiency Standard is an alternative measure of income adequacy that is more accurate, up-to-date, and geographically specific, it is more than an improved measure. The Standard is also a tool that can be used across a wide array of settings to benchmark, evaluate, educate, and illuminate. Below we briefly outline some of these uses. For more detail and examples, the reader is referred to **Appendix B**, which includes many more examples of the ways in which programs and persons have applied the Self-Sufficiency Standard in their work. In addition, references and websites are provided for those who wish to further explore these applications.

POLICY ANALYSIS. The Self-Sufficiency Standard has been used as a tool to evaluate the impact of current and proposed policy changes. As shown in the previous section, *Closing the Wage Gap: Reducing Costs*, the Standard can be used to evaluate the impact of a variety of work supports (SNAP/Food Stamp Program, Medicaid) on a family's budget. Likewise, the Standard can be used to evaluate policy options such as changes in child care co-payments or tax schedules as they impact family incomes of low income families in particular.

EVALUATIONS OF ECONOMIC DEVELOPMENT PROPOSALS. The Self-Sufficiency Standard has been used to help determine if businesses seeking tax breaks or other government subsidies will, or will not, create jobs that pay "living wages." If not, employees may need public work supports to be able to meet their basic needs, essentially providing a "double subsidy" for businesses. Communities can use the Standard to evaluate economic development proposals and their net positive or negative effect on the local economy, as well as the impact on the well-being of potential workers and their families.

EMPLOYMENT PROGRAMS. The Self-Sufficiency Standard has been used in employment programs to determine which individuals are eligible and/or to target those most in need of specific support or training services, as well as to determine training and counseling needs, and to measure the effectiveness of employment programs.

For example, the Self-Sufficiency Standard has been used to **target job training resources**. Using a "targeted jobs strategy," the Standard helps to match job seekers with employment that pays Self-Sufficiency Wages. Through an evaluation of the local labor market and available job training and education infrastructure, job seekers are matched to employment with family-sustaining wages. Through this analysis it is possible to determine the jobs and sectors towards which to target training and education resources.

Additionally, as a **counseling tool** the Self-Sufficiency Standard helps participants in work and training programs develop strategies to become self-sufficient. Computer-based counseling tools allow users to determine what their needed wages are, and then, using information on available programs and work supports, devise strategies that best meet their own costs and needs. These tools integrate a wide variety of data not usually brought together, allowing clients to access information about the benefits of various programs and work supports that can move them towards economic self-sufficiency.

Finally, the Self-Sufficiency Standard can be used to **evaluate outcomes** for clients in a range of employment programs, from short-term job search and placement programs, to programs providing extensive education or job training. By evaluating wage outcomes in terms of the Standard, programs are using a measure of true effectiveness. Such evaluations can help redirect resources to approaches that result in improved outcomes for participants.

CASE HIGHLIGHT: THE WASHINGTON STATE SELF-SUFFICIENCY CALCULATOR

In Washington State, the Workforce Development Council of Seattle-King County adopted the Self-Sufficiency Standard as its official measure of self-sufficiency and uses the Standard as a counseling tool and program evaluation benchmark to support customer progress toward economic self-sufficiency. In October 2007, the WDC of Seattle-King County formed and led a partnership of workforce development councils statewide to launch the Self-Sufficiency Calculator for Washington State. The Calculator (www.thecalculator.org) is based on a previous regional calculator in King County and was developed with support from the State Board for Community and Technical Colleges and a generous grant from the Paul G. Allen Family Foundation.

The Calculator operationalizes the Self-Sufficiency Standard and allows workforce case managers and customers to integrate this cost of living information with other resources to support career and economic self-sufficiency planning. The Self-Sufficiency Standard data programmed into the Calculator provides cost of living data to help customers target occupations and job training that will meet their wage needs. This data can be used in conjunction with information from other sources (e.g., labor market data, training program information, etc.) and basic information regarding work supports, also programmed into the Calculator, to test “what if” scenarios that inform their near and long-term planning. What if I cut back my hours at work to accommodate training—will I still be able to meet my bottom line? What if I don’t have enough money to cover my basic expenses—are there resources that can help me fill the gap? What if I complete training for this occupation—will the starting wages be enough to cover my family’s expenses and maybe get ahead?

The Calculator also includes a database that allows case managers with logon rights to save customer income and expense information at program enrollment and exit. The database provides the WDC with a vehicle for understanding where customers are (relative to the Self-Sufficiency Standard) when they enroll in WDC programs, and the progress they make toward economic self-sufficiency between enrollment and exit. WDC-contracted workforce case managers have been saving data on customers enrolled in Workforce Investment Act (WIA) funded programs since late 2004, and the statewide Calculator, launched in 2007, greatly enhanced the ability to extract and analyze data. To date, the data suggest a fairly consistent trend toward self-sufficiency, even through the economic downturn. Although a significant majority of customers served through WIA programs enter with earned income below the Self-Sufficiency Standard benchmark (with approximately half entering with zero earned income), more than one half of customers who start out below the threshold exit with earned income that puts them at or above Self-Sufficiency Standard wages for their family type.

The WDC of Seattle-King County also worked with WorkSystems, Inc. to develop a tool for Oregon based on the Self-Sufficiency Calculator for Washington State. The resulting “Prosperity Planner” was launched in 2008 and can be viewed at www.prosperityplanner.org.

Moving Towards Economic Security

Attaining income at the Self-Sufficiency Standard level means being able to meet one's basic needs and not having to choose between basic necessities (such as child care versus food, or housing versus health care). At the same time, the Standard is admittedly a *conservative measure*. It is a "bare bones" budget with costs set at minimally adequate levels with no extras. For example, the food budget has no take-out or restaurant food, not even a pizza or a cup of coffee. Realistically, achieving incomes at the Self-Sufficiency level should not be assumed to mean the achievement of economic security, but is just the first, necessary but not sufficient step. As most would agree, families need more resources in order to be able to weather any unexpected income loss, and furthermore, to achieve long-term economic security.

Below we discuss four different types of future-oriented financial decisions that move families toward increased economic security: 1) saving for emergencies, 2) meeting the cost of big-ticket items, 3) investing in post-secondary education/training, and 4) saving for retirement.

The choices families make to achieve economic security vary, depending on many characteristics, including the age of the adults, family composition and changes (marriage, divorce, birth of a child), educational levels, and residential location. For young adults, investing in education may be a high priority, while for older adults, retirement savings may be of primary importance. Once a family has secured income at the Self-Sufficiency Standard level, the road to long-term economic security will be different for each. For some, this might be precautionary savings, to meet immediate costs (such as a car breakdown) and long-term costs such as retirement. For others, paying off debts may be the first priority. For still others, income beyond that needed for the essentials may be devoted to securing housing, enabling the family to move, thus leaving an abusive partner or a problematic neighborhood.

FAMILIES NEED MORE RESOURCES IN ORDER TO BE ABLE TO WEATHER THROUGH ANY UNEXPECTED INCOME LOSS, AND FURTHERMORE, TO ACHIEVE LONG-TERM ECONOMIC SECURITY.

SAVING FOR EMERGENCIES. The first and most universal of economic security needs—once basic needs are met at the Self-Sufficiency Standard level—is that of savings for emergencies. For all families, having savings to meet unexpected emergencies is an important step towards economic security. Whether it is an accident, unemployment, an unexpected loss of a family member (through divorce, disease, desertion, or death), the unforeseen happens, and is likely to have a greater financial impact on low-income families.[32] The lack of savings has long been recognized as crucial by many anti-poverty organizations, as evidenced by the many programs that encourage liquid savings on a regular basis, even at very low levels.[33]

The 2014 Standard for Washington includes an emergency savings amount for the first time. This estimate is based on the assumption that the minimum savings needed reflects the cost of living expenses, using the Self-Sufficiency Standard, less the amount of other resources available to meet those needs (such as unemployment insurance), for the length of time of the emergency. These calculations are for the most common emergency, that of job loss, and use the median amount of time out of work (about four months in Washington), and the median tenure in current employment in Washington (five years). Of course, the specific amount of money families need to be able to maintain economic self-sufficiency varies depending on family composition and the local cost of living. **Table 7** illustrates the emergency savings amounts for Lewis and King (East) counties for three different family types.

- A single adult needs to earn $1,475 per month working full time to be able to meet basic needs in Lewis County. The single adult needs to earn an additional $36 per month to meet the emergency savings goal of having enough savings to meet basic living costs, allowing for the receipt of unemployment insurance. In King County (East) a single adult needs to earn $2,903 per month to be

Table 7. **The Self-Sufficiency Standard and Emergency Savings for Select Family Types***
Lewis and King (East) Counties: WA 2014

MONTHLY COSTS	LEWIS COUNTY 1 Adult	LEWIS COUNTY 1 Adult 1 Preschool	LEWIS COUNTY 2 Adults 1 Preschool 1 School-age	KING COUNTY (EAST) 1 Adult	KING COUNTY (EAST) 1 Adult 1 Preschool	KING COUNTY (EAST) 2 Adults 1 Preschool 1 School-age
Housing	$543	$724	$724	$1,563	$1,923	$1,923
Child Care	$0	$629	$1,184	$0	$1,093	$1,733
Food	$262	$398	$822	$281	$426	$880
Transportation	$251	$260	$495	$117	$117	$234
Health Care	$116	$413	$488	$113	$395	$469
Miscellaneous	$117	$242	$371	$207	$395	$524
Taxes and Tax Credits	$185	$202	$335	$622	$1,076	$1,033
SELF-SUFFICIENCY WAGE						
Hourly**	$8.38	$16.29	$12.56 *per adult*	$16.50	$30.82	$19.31 *per adult*
Monthly	$1,475	$2,868	$4,421	$2,903	$5,424	$6,797
Annual	$17,700	$34,413	$53,050	$34,839	$65,088	$81,564
EMERGENCY SAVINGS FUND						
Living expenses (3.7 months)***	$4,812	$9,945	$7,620	$8,521	$16,245	$10,766
Tax on additional earnings	$80	$166	$127	$142	$271	$179
SUBTOTAL	$4,892	$10,111	$7,747	$8,663	$16,516	$10,946
Unemployment Insurance Benefit (4 months)	-$2,739	-$5,324	-$4,104	-$5,127	-$9,568	-$6,143
TOTAL SAVINGS	$2,154	$4,787	$3,643	$3,536	$6,948	$4,802
ADDITIONAL MONTHLY EARNINGS (ASSUMES INTEREST ACCRUED)	**$36**	**$80**	**$61**	**$59**	**$116**	**$80**

* The Standard is calculated by adding expenses and taxes and subtracting tax credits. Taxes calculated in the Standard include federal and state income taxes (including federal and state tax credits), payroll taxes, and state and local sales tax.
** The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month).
*** Living expenses for two adults assumes half of overall living expenses, assuming only one adult will be unemployed at a time.

self-sufficient and earn an additional $59 per month to meet the emergency savings goal.

- One adult caring for a preschool-age child needs to earn $2,868 per month in Lewis County or $5,424 per month in King County (East) to be self-sufficient. Maintaining economic security for this family type requires earning an additional $80 per month in Lewis County and an additional $116 per month in King County (East). In these counties, the overall emergency savings goal over five years is $4,787 in Lewis County and $6,948 in King County (East).
- For families with two adults, a preschooler, and a school-age child, as it is assumed that only one adult is out of work at a given time, the emergency savings goal needs to cover only half of the family's total living expenses for four months. Therefore, the monthly contribution to the savings account is less for the two-parent household with one preschooler and one school-age child than the one-adult household with one child. In Lewis County this household needs an additional $61 per month in total earnings and in King County (East) the adults need an additional $80 per month in earnings in order to save for a spell of unemployment.

MEETING THE COST OF "BIG TICKET" ITEMS. The Standard covers the ongoing cost of meeting day-to-day expenses, but does not address "lump sum" needs, for example, purchasing a car or replacing a refrigerator . Unless public transportation is adequate, the Standard assumes that adults will use a car to commute to work and for shopping; it covers the cost of maintaining, insuring, and running a car, but not the initial purchase. Likewise, major appliances are presumed to be functioning, so the costs of electricity and fuel are covered, but not the cost of purchasing such appliances.

The single most expensive "big ticket" item for most families is the purchase of a home. The Standard presumes that all households are renters, so only includes the cost of rent and utilities, and does not include the costs of owning a home nor even the costs of getting into secure rental housing (such as a security deposit.). Owning a home has been considered part of the "American dream," and an investment that can provide long-term security. Depending on the local housing market, it may also cost less to own than rent when income tax impacts are taken into consideration, once one secures a mortgage instead of paying rent. Home ownership may also provide more economic certainty, particularly if families are able to secure long-term fixed rate mortgages, thus avoiding rent increases. For other families, such as those currently living in doubled-up situations or even in shelters or transitional housing, "secure housing" may be getting into rental housing, and require saving for security deposits, damage deposits, and first and last month's rent.

INVESTING IN EDUCATION AND TRAINING. True long-term self-sufficiency increasingly requires human capital investments that enhance skills as well as improve access to jobs with career potential. In today's economy, one cannot easily maintain and move beyond self-sufficiency without a technologically advanced and broad-based education, which can provide the flexibility to move into new, innovative, or nontraditional jobs and careers. This means that a high school degree or G.E.D. is increasingly insufficient to access such jobs and careers.

Given this, human capital investment requires attending post-secondary vocational training in specialized institutions, community college which provides two-year associate's degrees or certificates in specialized fields, or a four-year college or university. Almost all post-secondary education or training requires resources for tuition, thus requiring monetary investment, as well as addressing decreased wages if attendance cannot be combined with full-time work. Altogether, investment in education and training provides flexibility for adaptation to an economy where job requirements are shifting ever more rapidly.

Likewise, just as it is for the adults, securing advanced education and training for the next generation is an important investment for the future, with children and young adults even less able to access the resources to make these crucial investments or doing so resulting in incurring substantial student loan debt.

TRUE LONG-TERM SELF-SUFFICIENCY INCREASINGLY REQUIRES HUMAN CAPITAL INVESTMENTS THAT ENHANCE SKILLS AS WELL AS IMPROVE ACCESS TO JOBS WITH CAREER POTENTIAL.

SAVING FOR RETIREMENT. Savings for retirement are the longest-term savings, and may seem like the least important, particularly for younger workers. Substantial data suggests that even now Social Security does not provide adequate income for most individuals during retirement, and is likely to be even less adequate in the future. Although Social Security is the largest single source of income for both men and women over 65 today, more than earnings, pensions, and assets combined, most elders, particularly those most heavily dependent on Social Security, find themselves just barely above the official poverty level.[34] In addition, although Medicare was originally intended to meet elders' medical needs once they were no longer covered by employer-provided health benefits, Medicare does not cover all such costs, such that elders are spending an increasingly higher proportion of their income on health care costs, often as much if not more than before Medicare.[35] Indeed, recent research using the Supplemental Poverty Measure, which takes into account the impact of "necessary expenditures," finds that health expenditures by the elderly push many below the poverty level, substantially increasing the proportion of the elderly deemed "poor" by this poverty measure.[36] Thus saving for retirement is crucial for achieving economic security beyond the working years.

ACHIEVING ECONOMIC SECURITY: STAKEHOLDER SUPPORTS

Each individual and family must decide how best to save or invest to move towards economic security in the future. However, a wide range of supports and institutions amplify and enhance such individual efforts. Just as achieving Self-Sufficiency Wages involves a range of stakeholders, the same is true for economic security.

EMPLOYERS. Several key components of economic security are employment based, including health insurance, Social Security and Medicare, and unemployment insurance. The Standard already incorporates the employee share of employer-provided health insurance, defining a Self-Sufficiency Standard job as including health insurance. Likewise, it is assumed that both the employer and employee pay Social Security and Medicare taxes. That is, Self-Sufficiency Standard wages are not "cash" or under-the-table wages with no deductions, but rather take into account that employers not only pay their share of Social Security and Medicare taxes, but also make required workers' compensation contributions. With such coverage, workers are assured that if they become disabled at any age, or when they reach retirement age, they will then be entitled to the income support and health care coverage to which they as well as their employers have contributed over their working lives. Finally, it is also assumed that a Standard job includes unemployment insurance coverage (unemployment insurance is paid for by employers through a tax on their payrolls). That is, it is assumed that a Standard level wage should include such coverage against job loss, just as health insurance, Social Security, and Medicare insure against income loss due to health care costs, disability, or old age.

GOVERNMENT. In addition to insurance programs such as Social Security and Medicare for retirement or disability, a major source of government support for economic security is the tax system, operating through deductions and tax credits. Income tax mortgage deductions reduce the cost of home ownership, thus subsidizing this type of investment. This deduction alone saves American taxpayers $104.5 billion and supports home ownership.[37] While this is highly skewed to higher-income families, FHA and other programs have enabled low-income families to become homeowners with lower down payments and favorable terms.[38]

Tax credits are another key source of government support for savings for low-income families, particularly the EITC and Child Tax Credit. Because they are received as lump sum payments when families file their income taxes, they act as forced savings as many studies have shown.[39] While they may be used to pay down debt (often medical debt) or make major purchases, increasingly service providers are supporting the use of these credits and tax refunds to set up savings programs, such as IDAs (Individual Development Accounts).

An additional source of support for future investments is government support of higher education through educational loans, particularly Pell grants for low-income families. Pell grants provide resources for tuition and books, and make it possible for millions of low-income students, both adult learners returning to school and the next generation, to continue their education beyond high school.

COMMUNITY. The third type of stakeholder providing support is the local community, including public and/or private community organizations and programs. A good example is IDA programs, which encourage savings through matching programs underwritten by foundations, the United Way, or state governments. Other sources are local scholarship funds (e.g., Kiwanis) and entrepreneurship programs, such as Junior Achievement. Some local programs address specific needs, such as programs like Habitat for Humanity that help families become homeowners, or programs that help secure cars or carpooling to increase access to jobs, particularly in areas with limited public transportation.

THE FUTURE OF ECONOMIC SECURITY

As we look to the future, the trends impacting families striving to achieve economic security are mixed. On the one hand, the importance of savings, investments, and particularly education and training have been increasingly recognized as key to achieving economic security, leading to relaxed restrictions on assets and savings for low income programs.[40] Health care has become more accessible as the Patient Protection and Affordable Care Act (PPACA) extends Washington Apple Health to more people.[41] Additionally, reforms included in the 2009 American Recovery and Reinvestment Act (ARRA) extended unemployment insurance to more workers in many states, partly by broadening eligibility for part-time workers and increasing the number of weeks of unemployment benefits for workers who need training to improve their job skills.[42] Washington State extended benefits to qualifying part-time workers, individuals who separated from work due to compelling family and other circumstances, and enrollees in qualifying training programs.[43]

At the same time, there has been a shifting of risk from corporations and government to individuals over the past several decades. For example, an increasing number of employers have cut or eliminated health insurance coverage, reduced or eliminated pensions, or structured jobs as temporary or contract work.[44] Furthermore, although home ownership opportunities for low-income households expanded prior to the Great Recession,[45] this trend was partially fueled by predatory lending and subprime mortgages, resulting in increased rates of default and foreclosures during the downturn.[46] In fact, homeownership rates have fallen from 67.3% in 2009 to 65% in 2013, and especially so for people of color, whose home ownership rates have fallen even more, from 46.1% to 43.1% for African Americans, and from 48.6% to 45.3% for Hispanics.[47] Tightening of underwriting standards was a prudent and necessary move, but raises barriers to low-income households achieving the security of home ownership.[48]

FROM SOCIAL SECURITY TO FOOD STAMPS, THERE ARE PUBLIC POLICY PROPOSALS BEING PUT FORWARD THAT WOULD RESTRICT ACCESS TO OR DECREASE BENEFITS IN A WIDE RANGE OF FEDERAL PROGRAMS.

In other areas as well, the Great Recession led to cutbacks, particularly at the state level, in programs that support low-income working families, such as child care assistance.[49]

Looking to the future, from Social Security to food stamps, there are public policy proposals being put forward that would restrict access to or decrease benefits in a wide range of federal programs. Such proposals suggest that achieving economic security and even maintaining current programs will continue to be a challenge. This is not a challenge that individuals must face alone, but one where employers, the government, and the community can and will contribute towards achieving economic security.

Conclusion

As Washington continues to recover from the Great Recession, long-term economic prosperity will require responsible action at the state and community level that puts all Washingtonians on the path to self-sufficiency. A strong economy means good jobs that pay Self-Sufficiency Standard wages and a workforce with the skills necessary to fill those jobs. The Self-Sufficiency Standard for Washington State 2014 defines the income needed to realistically support a family without public or private assistance in Washington. For most workers, the Self-Sufficiency Standard shows that earnings above the official Federal Poverty Level are nevertheless far below what is needed to meet families' basic needs.

Although the Self-Sufficiency Standard determines an adequate wage level without public benefits, it does not imply that public work supports are inappropriate or unnecessary for Washington families. For workers with wages below the Self-Sufficiency Standard, public subsidies for such necessities as child care, health care, and housing are critical to meeting basic needs, retaining jobs and advancing in the workforce. By utilizing the Self-Sufficiency Standard, Washington has the opportunity to lay the foundation to achieve a strong workforce and thriving communities.

The Self-Sufficiency Standard is currently being used to better understand issues of income adequacy, to analyze policy, and to help individuals striving to be self-sufficient. Community organizations, academic researchers, policy institutes, legal advocates, training providers, Community Action Agencies, and state and local officials, among others, are using the Self-Sufficiency Standard.

In addition to Washington State, the Standard has been calculated for Alabama, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New York, North Carolina, Oklahoma, Ohio, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Virginia, West Virginia, Wisconsin, Wyoming, and the Washington, DC metropolitan area.

For further information about the Standard, how it is calculated or used, or the findings reported here, as well as information about other states or localities, contact Dr. Diana Pearce at pearce@uw.edu or (206) 616-2850, or the Center for Women's Welfare staff at (206) 685-5264, or visit www.selfsufficiencystandard.org.

For more information on The Self-Sufficiency Standard for Washington State 2014, this publication or the Standard wage tables for Washington's counties, or to find out more about the programs at the Workforce Development Council of Seattle-King County, contact (206) 448-0474 or visit www.seakingwdc.org.

Endnotes

1. Jared Bernstein, Crunch: Why Do I Feel so Squeezed (and other Unsolved Economic Mysteries) (San Francisco, CA: Berrett-Koehler Publishers, Inc., 2008).

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Appendix A: Methodology, Assumptions, and Sources

This appendix explains the methodology, assumptions, and sources used to calculate the Standard. We begin with a discussion of our general approach, followed by the specifics of how each cost is calculated, ending with a list of data sources. Making the Standard as consistent and accurate as possible, yet varied by geography and the age of children, requires meeting several different criteria. To the extent possible, the data used in the Self-Sufficiency Standard are:

- Collected or calculated using standardized or equivalent methodology nationwide
- Obtained from scholarly or credible sources such as the U.S. Census Bureau
- Updated regularly
- Geographically and age-specific, as appropriate

Costs that vary substantially by place, such as housing and child care, are calculated at the most geographically specific level for which data are available. Other costs, such as health care, food, and transportation, are varied geographically to the extent there is variation and appropriate data available. In addition, as improved or standardized data sources become available, the methodology used by the Standard is refined accordingly, resulting in an improved Standard that is comparable across place as well as time.

The Self-Sufficiency Standard assumes adult household members work full time and therefore includes all major costs associated with employment for every adult household member (i.e., taxes, transportation, and child care for families with young children). The Self-Sufficiency Standard does not calculate costs for adults with disabilities or elderly household members who no longer work. It should be noted that for families with persons with disabilities or elderly family members there are costs that the Standard does not account for, such as increased transportation and health care costs.

The Standard assumes adults work eight hours per day for 22 days per month and 12 months per year. Each cost component in the Standard is first calculated as a monthly cost. Hourly and annual Self-Sufficiency Wages are calculated based on the monthly Standard by dividing the monthly Self-Sufficiency Standard by 176 hours per month to obtain the hourly wage and multiplying by 12 months per year to obtain the annual wage.

The components of The Self-Sufficiency Standard for Washington 2014 and the assumptions included in the calculations are described below.

EXTENDED FAMILY TYPES

The cost of each basic need and the Self-Sufficiency Wages for eight selected family types for each county in Washington State are included in Appendix D of this report. Overall, the 2014 edition of the Washington State Self-Sufficiency Standard is calculated for 152 family types. The first 70 family types include all one- and two-adult families with zero to three children and range from a single adult with no children, to one adult with one infant, one adult with one preschooler, and so forth, up to two-adult families with three teenagers. The additional types include larger families, including multigenerational families and families with three or more adults and four or more children.[a] Note that the four ages of children in the Standard are: (1) infants—0 to 2 years old (meaning 0 through 35 months), (2) preschoolers—3 to 5 years old, (3) school-age children—6 to 12 years old, and (4) teenagers—13 to 18 years old.

In order to remain consistent with the Standard's methodology, it is assumed that all adults in one- and two-adult households are working full time. The Self-Sufficiency Standard therefore includes all major costs associated with employment for adult household members (i.e., taxes, transportation, and child care for families with young children) up to two adults per household.

For households with more than two adults, it is assumed that all adults beyond two are non-working dependents of the first two working adults, as household composition analysis has shown that a substantial proportion of additional adults are under 25, often completing school, unemployed, or underemployed.[b] The main effect of this assumption is that the costs for these adults do not include transportation (but do include all other costs such as food, housing, health care, and miscellaneous).

As in the original Standard calculations, it is assumed that adults and children do not share the same bedroom and that there are no more than two children or two adults per bedroom.

Food costs for additional adults (greater than two) are calculated using the assumption that the third adult is a female and the fourth adult is a male, with the applicable food costs added for each.

The first two adults are assumed to be a married couple and taxes are calculated for the whole household together (i.e., as a family), with additional adults counted as additional (adult) tax exemptions.

The Standard assumes that all non-teenage children are in paid child care, even in larger families. This is consistent with the principle that self-sufficiency means having enough to pay the full cost of each basic need without public or private subsidies. Some families in fact may choose to have older children or other non-employed adults in the family care for younger children; however, that is a form of private subsidy and thus would make these Standards inconsistent in methodology from those calculated for smaller families.

HOUSING

The Standard uses the most recent Fiscal Year (FY) Fair Market Rents (FMRs), calculated annually by the U.S. Department of Housing and Urban Development (HUD), to calculate housing costs for each state's metropolitan and non-metropolitan areas, and are used to determine the level of rent for those receiving housing assistance through the Housing Choice Voucher Program. Section 8(c)(1) of the United States Housing Act of 1937 (USHA) requires the Secretary to publish Fair Market Rents (FMRs) periodically, but not less than annually, to be effective on October 1 of each year. Housing costs in the 2014 Washington State Self-Sufficiency Standard are calculated using the FY 2015 HUD Fair Market Rents and reflect the revised data released by HUD on January 12, 2015.

The FMRs are based on data from the 1-year and 5-year American Community Survey, and are updated for inflation using the Consumer Price Index. The survey sample includes renters who have rented their unit within the last two years, excluding new housing (two years old or less), substandard housing, and public housing. FMRs, which include utilities (except telephone and cable), are intended to reflect the cost of housing that meets minimum standards of decency. In most cases, FMRs are set at the 40th percentile; meaning 40% of the housing in a given area is less expensive than the FMR.[c] All of Washington's FMRs are set at the 40th percentile except for Pierce County, which is set at the 50th percentile.

The FMRs are calculated for Metropolitan Statistical Areas (MSAs), HUD Metro FMR Areas (HMFAs), and non-metropolitan counties. The term MSA is used for all metropolitan areas. HUD calculates one set of FMRs for an entire metropolitan area. In Washington there are four MSAs (Kennewick-Pasco-Richland, WA MSA; Portland-Vancouver-Hillsboro, OR-WA MSA; Seattle-Bellevue, WA HUD Metro FMR Area; and Wenatchee-East Wenatchee, WA MSA) with more than one county sharing the same FMRs. In order to differentiate the cost of housing by county, the Standard uses median gross rent ratios by county calculated from the U.S. Census Bureau's 2008-2012 American Community Survey (ACS) 5-Year Estimates for these MSAs.

To determine the number of bedrooms required for a family, the Standard assumes that parents and children do not share the same bedroom and no more than two children share a bedroom. Therefore, the Standard assumes that single persons and couples without children have one-bedroom units, families with one or two children require two bedrooms, and families with three children require three bedrooms. Because there are few efficiencies (studio apartments) in some areas, and their quality is very uneven, the Self-Sufficiency Standard uses one-bedroom units for the single adult and childless couple.

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CHILD CARE

The Family Support Act, in effect from 1988 until welfare reform in 1996, required states to provide child care assistance at market rate for low-income families in employment or education and training. States were also required to conduct cost surveys biannually to determine the market rate (defined as the 75th percentile) by facility type, age, and geographical location or set a statewide rate.[d] Many states, including Washington, have continued to conduct or commission the surveys on a regular basis. Data for Washington child care costs are from the 2013 child care rate data from the Child Care Aware of Washington (CCAW).

Child care rates at the 75th percentile are provided in the CCAW 2013 data for both center and family child care rates, and every county. However, the following counties have missing data for either family- or center-based care, therefore we plan to substitute the following rates:

- Substitute center rates for missing family rates: Asotin, Garfield, Lincoln, Pend Oreille (infant only), and San Juan
- Substituted family rates for missing center rates: Columbia, Douglas (school-age only), Ferry, Klickitat, Skamania
- Substitute nearby counties due to missing data: Lincoln (average of Adams and Grant), Wahkiakum (average of Pacific and Cowlitz).

Rates were updated for inflation using the West Region Consumer Price Index. For the 2014 Washington Standard, infant and preschooler costs were calculated assuming full-time care and costs for school-age children were calculated using part-time rates. Costs were calculated based on a weighted average of family child care and center child care. Since one of the basic assumptions of the Standard is that it provides the cost of meeting needs without public or private subsidies, the "private subsidy" of free or low-cost child care provided by relatives and others is not assumed. Note that previous Standards did not assume a weighted average of family and center child care. Previously, infants were assumed to be cared for in family child care while preschool and school-age children were assumed to be cared for in child care centers.

For infants, family child care accounts for 43% of the care and center child care accounts for 57%. For preschoolers, family child care accounts for 26% of the care and center child care accounts for 74%. For school-age children, family child care accounts for 46% of the care and center child care accounts for 54%.[e]

DATA SOURCES

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FOOD

Although the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) uses the U.S. Department of Agriculture (USDA) Thrifty Food Plan to calculate benefits, the Standard uses the Low-Cost Food Plan for food costs. While both of these USDA diets were designed to meet minimum nutritional standards, SNAP (which is based on the Thrifty Food Plan) is intended to be only a temporary safety net.[f]

The Low-Cost Food Plan costs 25% more than the Thrifty Food Plan, and is based on more realistic assumptions about food preparation time and consumption patterns, while still being a very conservative estimate of food costs. For instance, the Low-Cost Food Plan also does not allow for any take-out, fast-food, or restaurant meals, even though, according to the Consumer Expenditure Survey, the average American family spends about 41% of their food budget on food prepared away from home.[g]

The USDA Low-Cost Food Plan varies by month and does not give an annual average food cost, so the Standard follows the SNAP protocol of using June data of the current year to represent the annual average. The 2014 Washington Standard uses data for June 2014.

Both the Low-Cost Food Plan and the Standard's budget calculations vary food costs by the number and ages of children and the number and gender of adults. The Standard assumes that a single-person household is one adult male, while the single-parent household is one adult female. A two-parent household is assumed to include one adult male and one adult female.

Geographic differences in food costs within Washington are varied using Map the Meal Gap data provided by Feeding America. To establish a relative price index that allows for comparability between counties, Nielsen assigns every sale of UPC-coded food items in a county to one of the 26 food categories in the USDA Thrifty Food Plan (TFP). The cost to purchase a market basket of these 26 categories is then calculated for each county. Because not all stores are sampled, in low-population counties this could result in an inaccurate representation of the cost of food. For this reason, counties with a population less than 20,000 have their costs imputed by averaging them with those of the surrounding counties.[h] Ratios of the county market basket price to the state average are then calculated to compare the cost of food across Washington.

DATA SOURCES

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County-Level Food Costs: Craig Gunderson, Emily Engelhard, Amy Satoh, and Elaine Waxman, Feeding America, "Map the Meal Gap 2014: Food Insecurity and Child Food Insecurity Estimates at the County Level," received from research@feedingamerica.org (May 13, 2013).

TRANSPORTATION

PUBLIC TRANSPORTATION. If there is an "adequate" public transportation system in a given area, it is assumed that workers use public transportation to get to and from work. A public transportation system is considered "adequate" if it is used by a substantial percentage of the working population to commute to work. According to a study by the Institute of Urban and Regional Development, University of California, if about 7% of the general public uses public transportation, then approximately 30% of the low- and moderate-income population use public transit.i The Standard assumes private transportation (a car) in counties where less than 7% of workers commute by public transportation. For Washington, the Standard uses 2008-2012 American Community Survey 5-Yr Estimates to calculate the percent of each county's population that commutes by public transportation. King County has 11% public transportation use among work commuters. The cost for the City of Seattle is based on a one-zone PugetPass. A two-zone PugetPass is assumed for the remainder of King County. In Kitsap County, the rate of public transportation use is 8%, however, analysis of public transportation use data from the ACS indicate that the individuals using public transportation to commute to work in Kitsap County represent a small percentage of people who travel via ferry to work in another metropolitan area. Therefore, private transportation is assumed for all of Kitsap County. All other Washington counties have fewer than 7% of workers using public transportation to commute.[j] Therefore, the Standard uses private transportation to calculate transportation costs for all other Washington counties.

PRIVATE TRANSPORTATION. For private transportation, the Standard assumes that adults need a car to get to work. Private transportation costs are based on the average costs of owning and operating a car. One car is assumed for households with one adult and two cars are assumed for households with two adults. It is understood that the car(s) will be used for commuting five days per week, plus one trip per week for shopping and errands. In addition, one parent in each household with young children is assumed to have a slightly longer weekday trip to allow for "linking" trips to a day care site. Per-mile driving costs (e.g., gas, oil, tires, and maintenance) are from the American Automobile Association. The commuting distance is computed from the 2009 National Household Travel Survey (NHTS). The Washington statewide average round trip commute to work distance is 19.1 miles. The Portland-Vancouver MSA has a separate average round trip commute distance of 23.1 miles, and King, Pierce, Snohomish, and Kitsap counties have an average round trip commute distance of 19.2 miles.

The auto insurance premium is the average premium cost for a given state from the National Association of Insurance Commissioners (NAIC) 2011 State Averages Expenditures and Premiums for Personal Automobile Insurance. Regional variation in the cost of auto insurance for the 2014 Washington Standard is calculated using rates filed with the

Washington State Office of the Insurance Commissioner for the top four market share companies (State Farm, Farmers, Pemco, and Allstate). Market share information is obtained from the Washington State Office of the Insurance Commissioner *2013 Private Passenger Auto Insurance Company Complaints*. We use the rates from the top market share companies to calculate ratios that compare the cost of insurance across counties and vary the statewide premium from the National Association of Insurance Commissioners by county ratio.

The fixed costs of car ownership such as fire, theft, property damage and liability insurance, license, registration, taxes, repairs, monthly payments, and finance charges are also included in the cost of private transportation for the Standard. However, the initial cost of purchasing a car is not. Fixed costs are from the 2009 Consumer Expenditure Survey data for families with incomes between the 20th and 40th percentile living in the Census West region of the U.S. Auto insurance premiums and fixed auto costs are adjusted for inflation using the most recent and area-specific Consumer Price Index.

DATA SOURCES

Public Transportation Use: U.S. Census Bureau, "Table B08101: Means of Transportation to Work," 2010-2012 American Community Survey 3-Year Estimates, Detailed Tables, http://www.factfinder2.census.gov (accessed July 7, 2014).

Auto Insurance Premium: National Association of Insurance Commissioners, "Average Expenditures for Auto Insurance by State, 2011," Insurance Information Institute, http://www.iii.org/media/facts/statsbyissue/auto (accessed May 19, 2014).

Auto Insurance Market Share: Washington State Office of the Insurance Commissioner, "2013 Private Passenger Auto Insurance Company Complaints", available at https://fortress.wa.gov/oic/complaints/complaints.aspx?Type=PP&Year=2013&Name= (accessed August 18, 2014).

County-Level Insurance Premium: Washington State Office of the Insurance Commissioner, Find companies & agents, Company filings, "Rates and Forms Filing Search," https://fortress.wa.gov/oic/onlinefilingsearch/ (accessed August 18, 2014). Type of insurance: Property and Casualty, 190 Personal Auto; Filing type: Rate/Rule; Company: State Farm Mutual Automobile Insurance Company, Farmers Insurance Company of Washington, Pemco Mutual Insurance Company, All State Fire and Casualty Insurance Company; Document description: State Farm 2014 Auto Symbols (OIC Tracker ID: 266440), PPA Rate Rev Impact ranges from -16% to +33% (OIC Tracker ID: 253978), Base Rate Rev (OIC Tracker ID: 253404), Rev Non-Standard Prior Carrier List (OIC Tracker ID: 269701), (accessed August 19, 2014). Distance to Work: U.S. Department of Transportation, 2009 National Household Transportation Survey, "Average Person Trip Length (Trip Purpose: to/from Work)," Online Analysis Tools, http://www.nhts.ornl.gov (accessed January 21, 2010).

Fixed Auto Costs: Calculated and adjusted for regional inflation using Bureau of Labor Statistics data query for the Consumer Expenditure Survey. U.S. Department of Labor, Bureau of Labor Statistics, "Other Vehicle Expenses," Consumer Expenditure Survey 2012, CE Databases, http://www.bls.gov/data/ (accessed August 26, 2014).

Inflation: U.S. Department of Labor, Bureau of Labor Statistics, "Consumer Price Index–All Urban Consumers, U.S. City Average," Consumer Price Index, CPI Databases, http://data.bls.gov/cgi-bin/surveymost?cu (accessed September 5, 2014).

Per-Mile Costs: American Automobile Association, "Your Driving Costs," Behind the Numbers 2014 Edition, AAA Association Communication, http://publicaffairsresources.aaa.biz/wp-content/uploads/2014/05/Your-Driving-Costs-2014.pdf (accessed May 19, 2014).

HEALTH CARE

The Standard assumes that an integral part of a Self-Sufficiency Wage is employer-sponsored health insurance for workers and their families. In Washington, 67% of non-elderly individuals in households with at least one full-time worker have employer-sponsored health insurance (this is the same as the national rate).[k] The full-time worker's employer pays an average of 88% of the insurance premium for the employee and 75% for the family in Washington. Nationally, the employer pays 79% of the insurance premium for the employee and 73% of the insurance premium for the family.[l]

TREATMENT OF TAX CREDITS IN TABLE 6 AND FIGURE 9

The Standard shows refundable and nonrefundable tax credits as if they are received monthly. However, for the work supports modeled in Table 6 (Columns #2-#6), the refundable federal Earned Income Tax Credit (EITC), the state EITC, and the "additional" refundable portion of the Child Tax Credit (CTC) are shown as received annually. However, the Child Care Tax Credit (CCTC) is nonrefundable, meaning it can only be used to reduce taxes and does not contribute to a tax refund. Therefore, it is shown as a monthly credit against federal taxes in both the Self-Sufficiency Standard and in the modeling columns of Table 6.

The tax credits are calculated this way in Table 6 in order to be as realistic as possible. Until recently, a family could receive part of their EITC on a monthly basis (called Advance EITC), but many workers preferred to receive it annually as a lump sum. In fact, nearly all families received the EITC as a single payment the following year when they filed their tax returns.[a] Many families preferred to use the EITC as "forced savings" to pay for larger items that are important family needs, such as paying the security deposit for housing, buying a car, or settling debts.[b] Therefore, in Columns #2-#6 of Table 6, the total amounts of the refundable federal and state EITC the family would receive annually (when they file their taxes) are shown in the shaded rows at the bottom of the table instead of being shown monthly as in the Self-Sufficiency Standard column. This is based on the assumption that the adult works at this same wage, full time, for the whole year.

Like the EITC, the federal CTC is shown as received monthly in the Self-Sufficiency Standard. However, for the modeled work support columns, the CTC is split into two amounts with only the portion that can be used to offset any remaining (after the CCTC) taxes owed shown monthly, while the "additional" refundable portion of the CTC is shown as a lump sum received annually in the shaded rows at the bottom of Table 6.

a. Some workers may have been unaware of the advance payment option, and others may have had employers who did not participate. Also, research has shown that families make financial decisions based on receipt of the EITC (together with tax refunds) when they file their taxes early in the following year. Jennifer Romich and Thomas Weisner, "How Families View and Use the EITC: The Case for Lump-Sum Delivery," *National Tax Journal*, 53(4) (part 2) (2000): 1107-1134; hereafter cited as How Families View and Use the EITC.
b. How Families View and Use the EITC.

Health care premiums are obtained from the Medical Expenditure Panel Survey (MEPS), Insurance Component produced by the Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends. The MEPS health care premiums are the average employment-based health premium paid by a state's residents for a single adult and for a family. In Washington the average premium paid by the employee is $56.67 for a single adult and $327.50 for a family. The premium costs are then adjusted for inflation using the Medical Care Services Consumer Price Index.

To vary the state premium costs for Washington, the Standard uses sample premiums from the five top market share companies for health insurance in Washington. Market share information is obtained from the Washington State Office of the Insurance Commissioner publication, "2013 Health Carrier Complaints." The state-level MEPS average premium is adjusted by county using ratios calculated from the county-specific premium rates for the top market share companies.[m]

Health care costs also include regional out-of-pocket costs calculated for adults, infants, preschoolers, school-age children, and teenagers. Data for out-of-pocket health care costs (by age) are also obtained from the MEPS, adjusted by Census region using the MEPS Household Component Analytical Tool, and adjusted for inflation using the Medical Care Consumer Price Index.

Although the Standard assumes employer-sponsored health coverage, not all workers have access to affordable health insurance coverage through employers.

However, as a result of the Patient Protection and Affordable Care Act of 2010, employers will now be required to provide health insurance or pay a fine (a mandate that is now set to be in effect in 2015). Those who do not have access to affordable health insurance through their employers must either purchase their own coverage or do without health insurance.[n] Those who do not have access to affordable health insurance through their employers, and who are not eligible for the expanded Medicaid program, must purchase their own coverage individually or through Washington's individual marketplace (Washington Health Benefit Exchange), or pay a fine. Individuals who cannot afford health insurance may be eligible for a premium tax credit or cost-sharing reductions.[o]

DATA SOURCES

Inflation: U.S. Department of Labor, Bureau of Labor Statistics, "Consumer Price Index – All Urban Consumers, U.S. City Average," Medical Care Services (for premiums) and Medical Services (for out-of-pocket costs), http://www.bls.gov/cpi/ (accessed September 5, 2014).

Out-of-Pocket Costs: U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends, Medical Expenditure Panel Survey-Household Component Analytical Tool, "Total Amount Paid by Self/Family, all Types of Service, 2011" MEPSnetHC, http://www.meps.ahrq.gov/mepsweb/data_stats/MEPSnetHC.jsp (accessed April 17, 2014).

State Premiums: U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends, "Tables II.C.2 and II.D.2: Average Total Employee Contribution (in Dollars) per Enrolled Employee for Single/Family Coverage at Private-Sector Establishments that Offer Health Insurance by Firm Size and State, United States, 2013," Medical Expenditure Panel Survey-Insurance Component, http://www.meps.ahrq.gov/mepsweb/data_stats/quick_tables_results.jsp?component=2&subcomponent=2&year=2013&tableSeries=2&tableSubSeries=CDE&searchText=&searchMethod=1&Action=Search (accessed August 26, 2014).

Health Insurance Market Share: Washington State Office of the Insurance Commissioner, "2013 Health Carrier Complaints," Health Insurance, Shopping for Insurance, Compare Health Care Complaints, https://fortress.wa.gov/oic/complaints/complaints.aspx?Type=HC&Year=2013&Name= (accessed July 1, 2014).

County-Level Premium Costs: Washington State Office of the Insurance Commissioner, "Individual Health Plans and Rates," Health, 2014 Health Plans and Rates, http://www.insurance.wa.gov/your-insurance/health-insurance/individuals-families/health-plans-rates/ (accessed August 13, 2014).

MISCELLANEOUS

This expense category consists of all other essentials including clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items, and telephone service.

Miscellaneous expenses are calculated by taking 10% of all other costs. This percentage is a conservative estimate in comparison to estimates in other basic needs budgets, which commonly use 15% and account for other costs such as recreation, entertainment, savings, or debt repayment.[p]

TAXES

Taxes calculated in the Standard include federal and state income tax, payroll taxes, and state and local sales tax where applicable. Federal payroll taxes for Social Security and Medicare are calculated at 7.65% of each dollar earned. Although the federal income tax rate is higher than the payroll tax rate, federal exemptions and deductions are substantial. As a result, while payroll tax is paid on every dollar earned, most families will not owe federal income tax on the first $10,000 to $15,000 or more, thus lowering the effective federal tax rate to about 7% for some family types. When applicable, income tax calculations for the Standard include state and local income tax, however, there are no state income taxes in Washington.

Indirect taxes (e.g., property taxes paid by the landlord on housing) are assumed to be included in the price of housing passed on by the landlord to the tenant. Taxes on gasoline and automobiles are included in the calculated cost of owning and running a car.

Washington has a 6.5% state sales and use tax. Local sales tax varies between 1.0% and 3.0%.

DATA SOURCES

Federal Income Tax: Internal Revenue Service, "1040 Instructions," http://www.irs.gov/pub/irs-pdf/i1040gi.pdf (accessed June 8, 2014). Internal Revenue Service, "Revised Procedures 2013-35, Section 3. 2014 Adjusted Items," http://www.irs.gov/pub/irs-drop/rp-13-35.pdf (accessed October 31, 2013).

State and Local Sales Tax: Washington State Department of Revenue, "Local Sales and Use Tax Rates", Effective July 1, 2014 - September 30, 2014, http://dor.wa.gov/Docs/forms/ExcsTx/LocSalUseTx/LocalSlsUseFlyer_Quarterly.pdf (accessed July 18, 2014).

TAX CREDITS

The Standard includes federal tax credits (the Earned Income Tax Credit, the Child Care Tax Credit, and the Child Tax Credit) and applicable state tax credits. Tax credits are shown as received monthly in the Standard.

The Earned Income Tax Credit (EITC), or as it is also called, the Earned Income Credit, is a federal tax refund intended to offset the loss of income from payroll taxes owed by low-income working families. The EITC is a "refundable" tax credit, meaning working adults may receive the tax credit whether or not they owe any federal taxes.

The Child Care Tax Credit (CCTC), also known as the Child and Dependent Care Tax Credit, is a federal tax credit that allows working parents to deduct a percentage of their child care costs from the federal income taxes they owe. Like the EITC, the CCTC is deducted from the total amount of money a family needs to be self-sufficient. Unlike the EITC, the federal CCTC is not a refundable federal tax credit; that is, a family may only receive the CCTC as a credit against federal income taxes owed. Therefore, families who owe very little or nothing in federal income taxes will receive little or no CCTC. In 2013, up to $3,000 in child care costs was deductible for one qualifying child and up to $6,000 for two or more qualifying children.

The Child Tax Credit (CTC) is like the EITC in that it is a refundable federal tax credit. In 2013, the CTC provided parents with a deduction of $1,000 for each child under 17 years old, or 15% of earned income over $3,000, whichever was less. For the Standard, the CTC is shown as received monthly

DATA SOURCES

Federal Child Care Tax Credit: Internal Revenue Service, "Publication 503. Child and Dependent Care Expenses," http://www.irs.gov/pub/irs-pdf/p503.pdf (accessed June 8, 2014).

Federal Child Tax Credit: Internal Revenue Service, "Publication 972. Child Tax Credit," http://www.irs.gov/pub/irs-pdf/p972.pdf (accessed June 8, 2014).

Federal Earned Income Tax Credit: Internal Revenue Service, "Publication 596. Earned Income Credit," http://www.irs.gov/pub/irs-pdf/p596.pdf (accessed June 8, 2014). Internal Revenue Service, "Revised Procedures 2013-35, Section 3. 2014 Adjusted Items," http://www.irs.gov/pub/irs-drop/rp-13-35.pdf (accessed October 31, 2013).

Federal Tax Credits (General): Internal Revenue Service, "1040 Instructions," http://www.irs.gov/pub/irs-pdf/i1040gi.pdf (accessed June 8, 2014).

EMERGENCY SAVINGS FUND

The Self-Sufficiency Standards are basic needs, no-frills budgets created for all family types in each county in a given state. As such, the Standard does not allow for anything extra beyond daily needs, such as retirement savings, education expenses, or emergencies. Of course, without question families need more resources if they are to maintain economic security and be able to weather any unexpected income loss. Therefore, new to this Self-Sufficiency Standard update is the calculation of the most universal of economic security needs after basic needs are met at the Self-Sufficiency Standard level—that of savings for emergencies.

The emergency savings amount is calculated to make up for the earnings of one adult becoming unemployed over the average job loss period, less the amount expected to be received in unemployment benefits. In two-adult households, it is assumed that the second adult continues to be employed, so that the savings only need to cover half of the family's basic living expenses over the job loss period. Since the median length of job tenure among Washington workers is five years, it is assumed that workers save for job loss over a course of five years.

To determine the amount of resources needed, this estimate uses the average period of unemployment and assumes that the minimal cost of basic needs that must be met will stay the same, i.e., the family's Self-Sufficiency Standard. Since the monthly emergency savings contribution requires additional earnings, the estimate includes the calculation of taxes and tax credits of current earnings (at the Self-Sufficiency Standard level). Savings are assumed to have accumulated based on average savings account interest rates.

The emergency savings calculation is based on all current expenses in the Self-Sufficiency Standard.[q] The adult may not be commuting to work five days a week; however the overall transportation expenses may not change significantly. A weekly shopping trip is still a necessity, as is driving young children to child care. Actively seeking employment requires being available for job interviews, attending job fairs, and engaging in networking opportunities, in addition to the time spent looking for and applying for positions. Therefore, saving enough to cover the cost of continuing child care if unemployed is important for supporting active job seeking as well as the benefit of keeping children in their normal routine during a time of crisis.

In addition to the income needed to cover the costs of housing, food, child care and transportation, families need health insurance. The Self-Sufficiency Standard assumes that adults work full time and in jobs that provide employer-sponsored health insurance. In households with two adults, it is assumed that if one adult loses employment the spouse's health insurance will provide coverage for the entire family at no additional cost. In a one-adult household, it is assumed coverage will be provided through the state-operated Affordable Insurance Exchanges under the Patient Protection and Affordable Care Act, at approximately the same cost as when employed.[r] In some cases, children, or the whole family, may be covered under state Medicaid or Washington's Children Health Insurance Program, depending upon income, resources, and eligibility requirements in effect at the time, which would decrease health care costs below these estimates.[s]

DATA SOURCES

Job Tenure: U.S. Census Bureau, Current Population Survey, "Washington: Median Years of Tenure with Current Employer, all workers" http://dataferrett.census.gov/ (accessed August 26, 2014).

Unemployment Duration: U.S. Department of Labor, Employment and Training Administration, "Unemployment Insurance Data Summary," http://www.workforcesecurity.doleta.gov/unemploy/content/data.asp (accessed September 8, 2014).

Unemployment Insurance: Washington State Employment Security Department, "How Much will you Receive," http://www.esd.wa.gov/uibenefits/benefitcheck/how-much.php, (accessed August 26, 2014).

Savings Rate: Federal Deposit Insurance Corporation. "Weekly National Rates" http://www.fdic.gov/regulations/resources/rates/previous.html (accessed October 17, 2013).

ENDNOTES FOR APPENDIX A

a. The Standard was originally designed to provide calculations for 70 family configurations, which includes all one- and two-adult families with zero to three children (in four different age groups). In order to increase the number of family configurations to encompass larger families, that is, those with more than two adults or more than three children, Dr. Pearce examined Census data to determine the most common sizes of larger families, and calculated Standards for these families. Once the addition of a particular family configuration added less than 1% to the number of households covered, Dr. Pearce created a "catchall" Standard to cover these remaining larger but relatively rare family types, e.g., one-adult families with six or more children, or families with four or more adults and three or more children.

b. Diana Pearce and Rachel Cassidy, "Overlooked and Undercounted: A New Perspective on the Struggle to Make Ends Meet in California," Seattle: University of Washington (2003), http://www.insightcced.org/uploads/publications/wd/overlookedexecsumm.pdf (accessed August 17, 2010).

c. U.S. Housing and Urban Development, "Fair Market Rents for the Section 8 Housing Assistance Payments Program," Data Sets, Fair Market Rents: Overview

(2007), http://www.huduser.org/portal/datasets/fmr/fmrover_071707R2.doc (accessed June 7, 2014).

d. U.S. Government Printing Office, "Section 9. Child Care," 108th Congress 2004 House Ways and Means Committee Green Book, http://www.gpo.gov/fdsys/pkg/GPO-CPRT-108WPRT108-6/pdf/GPO-CPRT-108WPRT108-6-2-9.pdf (accessed June 7, 2014).

e. U.S. Census Bureau, Survey of Income and Program Participation (SIPP), 2008 Panel, Wave 8. "Who's Minding the Kids? Child Care Arrangements: Spring 2011," http://www.census.gov/hhes/childcare/data/sipp/index.html (accessed July 19, 2013).

f. U.S. Department of Agriculture, Center for Nutrition Policy and Promotion, "Thrifty Food Plan, 2006," http://www.cnpp.usda.gov/Publications/FoodPlans/MiscPubs/TFP2006Report.pdf (accessed November 5, 2013).

g. U.S. Department of Labor, Bureau of Labor Statistics, "Consumer Expenditures in 2012," Economic News Release, http://www.bls.gov/news.release/cesan.nr0.htm (accessed June 7, 2014).

h. Craig Gunderson, Emily Engelhard, Amy Satoh, and Elaine Waxman. "Map the Meal Gap 2014: Technical Brief," http://feedingamerica.org/hunger-in-america/hunger-studies/map-the-meal-gap/~/media/Files/research/map-meal-gap/2014-MMG-web-2014.ashx (accessed May 28, 2014), pp. 2 and 11.

i. Chris Porter and Elizabeth Deakin, Socioeconomic and Journey-to-Work Data: A Compendium for the 35 Largest U.S. Metropolitan Areas (Berkeley: Institute of Urban and Regional Development, University of California, 1995).

j. U.S. Census Bureau, "Means of Transportation to Work," 2008-2012 American Community Survey 5-Year Estimates, "Table B08101: Means of Transportation to Work by Age, Universe: Workers 16 Years and Over,", http://www.factfinder2.census.gov/ (accessed July 11, 2014).

k. The Henry J. Kaiser Foundation State Health Facts Online, "Washington: Employer-Sponsored Coverage Rates for the Nonelderly by Family Work Status, States (2011-2012), U.S. (2012)," http://kff.org/other/state-indicator/rate-by-employment-status-2/?state=WA (accessed July 8, 2014).

l. U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends, "Tables II.C.3 and II.D.3: Percent of Total Premiums Contributed by Employees Enrolled in Single/Family Coverage at Private-Sector Establishments that Offer Health Insurance by Firm Size and State: United States, 2012," Medical Expenditure Panel Survey-Insurance Component, http://www.meps.ahrq.gov/mepsweb/data_stats/quick_tables_results.jsp?component=2&subcomponent=2&year=2012&tableSeries=2&tableSubSeries=CDE&searchText=&searchMethod=1&Action=Search (accessed July 18, 2014).

m. Premera Blue Cross, Regence Blue Blue Shield, Molina Healthcare of Washington, Inc., Group Health Cooperative, and Group Health Options are the top five market share companies for health insurance plans in Washington. Together these companies make up 68% of the total Washington health insurance market. Washington State Office of the Insurance Commissioner, "2013 Health Carrier Complaints," Health Insurance, Shopping for Insurance, Compare Health Care Complaints, https://fortress.wa.gov/oic/complaints/complaints.aspx?Type=HC&Year=2013&Name= (accessed July 1, 2014).

n. Office of the Legislative Counsel, 111th Congress 2nd Session, Compilation of Patient Protection and Affordable Care Act, "Requirement to Maintain Minimum Essential Coverage," Part 1 Individual Responsibility, Section 1501, p. 143, http://docs.house.gov/energycommerce/ppacacon.pdf (accessed August 31, 2010).

o. Center on Budget and Policy Priorities, Health Reform: Beyond the Basics, "Premium Tax Credits: Answers to Frequently Asked Questions," http://www.cbpp.org/files/QA-on-Premium-Credits.pdf (accessed June 9, 2014).

p. Constance F. Citro and Robert T. Michael, eds., Measuring Poverty: A New Approach (Washington, DC: National Academy Press, 1995), http://www.census.gov/hhes/povmeas/methodology/nas/report.html (accessed June 7, 2014).

q. This amount excludes taxes and tax credits (which are in the Standard), as the family would be living on savings, on which taxes and tax credits have already been paid when earned, as described above.

r. Patient Protection and Affordable Care Act (ACA). Affordable Insurance Exchanges are required as of 2014, and health insurance tax credits are available to offset monthly premium costs for those enrolled in the Exchanges with income up to 400% FPL. Centers for Medicare & Medicaid Services, Fact Sheets, "Affordable Insurance Exchanges: Seamless Access to Affordable Coverage," http://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-Sheets/2011-Fact-Sheets-Items/2011-08-125.html (accessed July 23, 2014).

s. Children are eligible for free coverage under Washington's Children's Health Insurance Program if family income is less than 210% of the FPL. Families above that level may be eligible for the same coverage at low cost: $20 a month per child for families below 260 percent of the poverty level and $30 a month per child for families below 312 percent of the poverty line. Premiums are paid only for the first two children, so the maximum possible premium is $60. Washington Apple Health for Kids, http://www.hca.wa.gov/applehealth/Pages/default.aspx (accessed August 28, 2014).

Appendix B: Examples of How the Standard Has Been Used

The Standard is a tool that can be used across a wide array of settings to benchmark, evaluate, educate, and illuminate. Below we provide specific examples of some of these uses—with references and website addresses—so that you can explore these uses as well as contact programs and persons who have applied the Self-Sufficiency Standard in their work.

ASSESSMENT OF PUBLIC POLICY OPTIONS

The Self-Sufficiency Standard has been used as a tool to evaluate the impact of current and proposed policy changes. As in the modeling tables in this report, the Standard can be used to evaluate the impact of a variety of work supports (such as SNAP/Food Stamp Program or Medicaid) or policy options (such as changes in child care co-payments, tax reform, or tax credits) on family budgets.

- The Self-Sufficiency Standard for Massachusetts was used in the Crittenton Women's Union 2007 report, *Unlocking the Doors to Higher Education and Training for Massachusetts' Working Poor Families* to advocate for tuition-free community college education and other ways to address financial barriers to education in Massachusetts, citing the need for post-secondary education and training in order to acquire Self-Sufficiency Wage jobs (see www.liveworkthrive.org/research_and_tools/reports_and_publications/The_Massachusetts_Working_Poor_Families_Project_Report).
- In Colorado, the Colorado Center on Law and Policy used the Colorado Self-Sufficiency Standard to determine the impact of affordable housing on family stability and upward mobility. In addition, the Colorado Division of Housing used information from the Colorado Self-Sufficiency Standard statewide report *Housing Colorado: The Challenge for a Growing State* (see http://dola.colorado.gov/cdh/researchers/documents/HousingColo02.pdf).
- In Maryland, Advocates for Children and Youth used the Self-Sufficiency Standard in their *Maryland Can Do Better for Children* campaign, a three-year plan to address critical needs of children and their families by 2010. During the 2007 special session of the Maryland General Assembly, the campaign utilized the Self-Sufficiency Standard for each of Maryland's 24 jurisdictions to successfully advocate for an expanded Refundable Earned Income Tax Credit for low-income families (see www.acy.org).
- In December 2005, the Human Services Coalition of Dade County in Florida issued a policy brief titled *Nonprofits, Government, and the New War on Poverty: Beating the Odds in a Global Economy*, which used the Standard to examine Florida's human services sector from an economic and community perspective. The Human Services Coalition of Dade County County is now Catalyst Miami at http://catalystmiami.org.
- In Pennsylvania, many groups, including PathWays PA, have used the Standard to model the impact of a state Earned Income Tax Credit on the ability of a family to reach self-sufficient wages (see www.pathwayspa.org).
- When the Oklahoma Department of Human Services proposed large increases in child care co-payments, the Community Action Project (CAP) of Tulsa County used analyses based on the Self-Sufficiency Standard in their report, *Increased Child Care Co-Payments Threaten Access to Care for Low Income Families*, resulting in the Department rescinding the proposed increases. For more information about the work of the Community Action Project of Tulsa County, see www.captc.org.

EVALUATION OF ECONOMIC DEVELOPMENT PROPOSALS

The Self-Sufficiency Standard has been used to evaluate state and local level economic development proposals. Using the Standard can help determine whether businesses seeking tax breaks or other government subsidies will create jobs that pay "living wages." If the jobs to be created pay wages that are below the Standard so that the employees will need public work supports to be able to meet their basic needs, the new business is essentially seeking a "double subsidy." Economic development proposals can be evaluated for their net positive or negative effect on the local economy, as well as on the well-being of the potential workers and their families.

- Colorado's Fort Carson is one of the first military bases to consider reviewing its vendor contracts using the Self-Sufficiency Standard. Their sustainability plan would seek vendors who pay "livable wages" to their employees, as defined by the Standard.
- In Nebraska, the Nebraska Appleseed Center has developed a set of job quality standards that corporations should follow prior to receiving public funds (see www.neappleseed.org).
- The Delaware Economic Development Office has used the Delaware Self-Sufficiency Standard to evaluate strategic fund grant applications in order to focus its resources on quality employment growth.

TARGETING OF JOB TRAINING RESOURCES

The Self-Sufficiency Standard has been used to target job training resources. Using a targeted jobs strategy, the Standard helps to match job seekers with employment that pays Self-Sufficiency Wages. Through an evaluation of the local labor market and available job training and education infrastructure, the skills and geographic location of current or potential workers are evaluated and job seekers are matched to employment with family-sustaining wages. Through this analysis it is possible to determine the jobs and sectors on which to target training and education resources.

- In Washington, D.C., the Standard was used in the 2000 Workforce Investment Act statute, which requires that the Workforce Investment Board target job-training dollars in high-growth occupations and assess the quality of the jobs in order to meet the wage and supportive service needs of job seekers.

EVALUATION OF EMPLOYMENT PROGRAM OUTCOMES

The Self-Sufficiency Standard can be used to evaluate outcomes for clients in a range of employment programs, from short-term job search and placement programs to programs providing extensive education or job training. By evaluating wage outcomes in terms of the Standard, programs are using a measure of true effectiveness. Such evaluations can help redirect resources to approaches that result in improved outcomes for participants.

- In Washington State, the Workforce Development Council of Seattle-King County adopted the Self-Sufficiency Standard as its official measure of self-sufficiency and uses the Standard as a program evaluation benchmark. Using data collected by caseworkers and the online Self-Sufficiency Standard Calculator, the Council demonstrates the impact of its education and training programs on the achievement of self-sufficiency by its participants. For more information on the Workforce Development Council of Seattle-King County, see www.seakingwdc.org.
- Under its Workforce Investment Act, the Chicago Workforce Investment Board adopted the Self-Sufficiency Standard as its self-sufficiency benchmark. For more information on Chicago's Workforce Investment Act, see www.cityofchicago.org.
- The Colorado Center on Law and Policy successfully lobbied the Eastern Regional Workforce Board in Fort Morgan, Colorado to officially adopt the Self-Sufficiency Standard to determine eligibility for training and intensive services (see http://www.colorado.gov/cs/Satellite/CDLE-CRWC/CDLE/1251629041128).
- ACHIEVEability in Pennsylvania works to break the cycle of poverty by helping families move towards financial freedom. They use the Standard to measure progress towards financial self-sufficiency (see http://bit.ly/ACHIEVEabilityStandard).

TARGETING EDUCATION RESOURCES

The Self-Sufficiency Standard helps demonstrate the pay off for investing in education and training such as post-secondary education and training, including training for occupations that are nontraditional for women and people of color.

- For example, the Missouri Women's Council of the Department of Economic Development used the Standard to begin a program for low-income women that promotes nontraditional career development, leading to jobs paying Self-Sufficiency Wages. For more information on the

Missouri Women's Council see www.womenscouncil.org/about.html.

- In California's Santa Clara County, the Self-Sufficiency Standard was used in a sectoral employment intervention analysis that focused on the availability of nontraditional jobs, the geographical spread of those jobs, the availability of training resources, and wage rates. The analysis led to a curriculum and counselor training package that targeted transportation jobs and provided $140,000 to the community college system to explore how to strengthen preparation for these jobs (see www.insightcced.org).

- Following the release of the Crittenton Women's Union (CWU) 2005 report *Achieving Success in the New Economy: Which Jobs Help Women Reach Economic Self Sufficiency*, CWU has established an online Hot Jobs for Women guide. Using the Self-Sufficiency Standard for Massachusetts, the online guide assists women in identifying jobs in high demand that pay Self-Sufficiency Wages, yet require two years or less in full-time education or training (see www.liveworkthrive.org/research_and_tools/hot_jobs).

- In Connecticut, the Self-Sufficiency Standard has been adopted at the state level since 1998. It has been used in planning state-supported job training, placement and employment retention programs, and has been distributed to all state agencies that counsel individuals seeking education, training, or employment. Connecticut's Permanent Commission on the Status of Women regularly uses the Self-Sufficiency Standard in legislative testimony (see ctpcsw.com).

- In New York, the Standard has been used in modeling services for young adults in career education to demonstrate how their future career choices and educational paths might impact their ability to support a future family or to address changing family dynamics. The Standard has also been used in New York for job readiness planning for women seeking skilled employment.

- In Delaware, the Standard was used to train people from the developmental disability community on how to retain their benefits when returning to the workforce.

DETERMINATION OF NEED FOR SERVICES

The Self-Sufficiency Standard has been used to determine which individuals are eligible or most in need of specific support or training services.

- For example, in Virginia, Voices for Virginia's Children successfully advocated for the state's TANF Authorization Committee to use the Virginia Self-Sufficiency Standard as a tool for setting eligibility guidelines. For more information on the programs of Voices for Virginia's Children go to vakids.org/our-work/family-economic-success.

- The Connecticut Legislature enacted a state statute that identified "the under-employed worker" as an individual without the skills necessary to earn a wage equal to the Self-Sufficiency Standard. The statute directed statewide workforce planning boards to recommend funding to assist such workers (see larcc.org/files/larcc_files/documents/mapping_change_2002.pdf).

- The Director of Human Resources and Human Services for Nevada incorporated the Nevada Self-Sufficiency Standard into Nevada's 2005 needs projections. Additionally, the Director used the Standard in the recommendations related to caseloads.

COUNSELING TOOL FOR PARTICIPANTS IN WORK & TRAINING PROGRAMS

The Self-Sufficiency Standard has been used as a counseling tool to help participants in work and training programs access benefits and develop strategies to become self-sufficient. Computer-based counseling tools allow users to evaluate possible wages, then compare information on available programs and work supports to their own costs and needs. Computer-based Self-Sufficiency Calculators, for use by counselors with clients and the public, have been developed for California, Colorado, Illinois, Indiana, New York City, Ohio, Oregon, Pennsylvania, Washington State, Washington, D.C., and Wyoming. These tools integrate a wide variety of data not usually brought together, allowing clients to access information about the benefits of various programs and work supports that can move them towards self-sufficiency. Through online calculators, clients are empowered with information and tools that allow them to develop and test out their own strategies for achieving self-sufficient incomes.

- For example, in Washington State, a statewide Self-Sufficiency Calculator is used across workforce councils as a counseling tool and can be viewed at www.thecalculator.org. Additionally, the Snohomish County Workforce Development Council in Washington has developed a self-sufficiency matrix that is used in case management. The self-sufficiency matrix can be used as a case management tool, a self-assessment tool, a measurement tool, and a communication tool. The matrix is composed of 25 key outcome scales (e.g., employment stability, education, English language skills, life skills, and child care). The scales are based on a continuum of "in crisis" to "thriving." The case manager works with the customer to score the scales and monitor progress. To learn more about the matrix, please visit www.worksourceonline.com/js/documents/Instructions.pdf.

- PathWays PA offers *The Pennsylvania Online Training and Benefits Eligibility Tool*, an interactive career-counseling tool based on the 2012 Pennsylvania Self-Sufficiency Standard. The online counseling tool can be used by counselors and clients to test the ability of various wages to meet a family's self-sufficiency needs, as well as what training programs they might be eligible for at their current wage. This tool also allows clients to apply for benefits immediately or for counselors to do so on a client's behalf. *The Pennsylvania Online Training and Benefits Eligibility Tool* can be found at www.pathwayspa.org.

- The Oregon *Prosperity Planner*, a calculator based on the Oregon Self-Sufficiency Standard can be found at www.prosperityplanner.org.

- The Denver County Office of Economic Development, Division of Workforce Development uses the Self-Sufficiency Standard as well as the Colorado Economic Self-Sufficiency Standard Calculator to inform participants about the career choices that will move them toward economic self-sufficiency. The Workplace Center at the Community College of Denver utilizes the Colorado Economic Self-Sufficiency Standard Calculator to counsel participants on career choices, real wage determination and avoiding potential obstacles to economic self-sufficiency such as the systemic "cliff effect" built in to many work support programs.

- Virginia Kids developed *The Self-Sufficiency Standard for Virginia – Budget Worksheet Exercise* as a counseling tool (see http://www.vakids.org/pubs/FES/budget_worksheet_exercise.htm).

- In the D.C. Metropolitan Area, Wider Opportunities for Women developed and piloted a Teen Curriculum based on the Standard that educates adolescents about career choices, life decisions, and self-sufficiency (see www.wowonline.org). Additionally, the Washington, D.C. Metro Area Self-Sufficiency Calculator can be found at http://www.dcmassc.org/calculator.cfm.

- In New York the Women's Center for Education and Career Advancement has used the Standard to train counselors to better communicate ideas about Self-Sufficiency and economic issues with their clients and assess benefit eligibility. The Women's Center for Education and Career Advancement also hosts an online Self-Sufficiency Calculator for the City of New York. The Calculator for the City of New York can be accessed at www.wceca.org/self_sufficiency.php.

- The Indiana Institute for Working Families hosts the calculator at www.indianaselfsufficiencystandard.org.

- The California Self-Sufficiency Calculator, *The Calculator*, can be found at www.insightcced.org/index.php/insight-communities/cfess/calculator.

- The Wyoming Self-Sufficiency Standard & Personal Calculator can be viewed at https://public.wyomingworkforce.org/sscalc/

PUBLIC EDUCATION

The Self-Sufficiency Standard has been used as a public education tool. As an education tool, the Standard helps the public at large understand what is involved in making the transition to self-sufficiency. For employers the Standard can be used to demonstrate the importance of providing benefits, especially health care, which help families meet their needs. As an education tool for service providers, the Standard can show how the various components of social services fit together, helping to facilitate the coordination of a range of services and supports. For policy makers and legislators, the Standard as an education tool shows both the need for and the impact of work support programs on low-wage workers' family budgets.

- For example, Voices for Utah Children distributed copies of the Utah Self-Sufficiency Standard to state legislators and candidates during the 2003 legislative session to frame a discussion about increasing funding for Utah's Children's Health Insurance Program. For more information on Voices for Utah Children go to www.utahchildren.org.
- In Seattle, bookmarks were distributed during the run of a play based on *Nickel and Dimed: On (Not) Getting By in America*, a book by Barbara Ehrenreich that explores the struggles confronted by low-wage workers. A computer with a mock website allowed participants to enter their incomes and compare them to the Standard and begin to understand the plight of working families.
- MassFESS (hosted by the Crittenton Women's Union) developed an Economic Self-Sufficiency Standard Curriculum that can be used by organizations to support their work in career development, education/training, economic literacy, living wage campaigns, and other types of community organizing, policymaking and advocacy efforts. For information on the Crittenton Women's Union, see www.liveworkthrive.org.
- In an initiative started at the University of Washington School of Social Work, policymakers participate in the "Walk-A-Mile" program, where they "walk" in the shoes of welfare recipients by living on a SNAP budget for one month. The Washington Standard was used to develop educational tools used by policymakers about the impact of benefits on family budgets.
- The Wisconsin Women's Network distributed the Wisconsin Self-Sufficiency Standard to its many and varied women's coalition members, many of whom continue to find a use for the Standard in their advocacy work. The Wisconsin Women's Network website can be accessed at www.wiwomensnetwork.org.

CREATE GUIDELINES FOR WAGE SETTING

The Self-Sufficiency Standard has been used as a guideline for wage setting. By determining the wages necessary to meet basic needs, the Standard provides information for setting wage standards.

- For example, Vanderbilt University in Tennessee uses the Standard to educate employees and administrators about the need to increase the take-home pay of service staff. For more information go to studentorgs.vanderbilt.edu/students4livingwage/info.php.
- Employers and educational institutions have used the Self-Sufficiency Standard to set organizational wage standards in Colorado. The introduction of the Self-Sufficiency Standard in Pitkin County, Colorado, has encouraged county commissioners and directors to review current pay scales and work support policies.
- The Standard has been used in California, Illinois, New York, New Jersey, Hawaii, Nebraska, South Dakota, Tennessee, Virginia, and Washington State to advocate for higher wages through living wage ordinances and in negotiating labor union agreements (see www.ncsl.org/default.aspx?tabid=13394).
- At the request of the state of California, the Center for the Child Care Workforce used the Self-Sufficiency Standard in 2002 to develop specific salary guidelines by county (see www.ccw.org/data.html).
- In Maryland, the Center for Poverty Solutions and Advocates for Children and Youth (among other organizations) proposed state legislation that would require the Maryland Secretary of Budget and Management to consider a specified Self-Sufficiency Standard when setting or amending a pay rate and require that a state employee whose pay rate is less than the Self-Sufficiency Standard receive a specified pay increase. For more information on Advocates for Children and Youth, see www.acy.org.
- In California, the National Economic Development and Law Center (now the Insight Center for Community Economic Development, or Insight CCED) used the

Self-Sufficiency Standard in a wage analysis of University of California service workers, entitled *High Ideals, Low Pay.* The Standard was used to assess the degree to which University of California service workers' wages are sufficient to provide the basic needs for employees and their families. Insight CCED recommends the University of California consider using the Standard to determine and adopt living wage policies (see www.insightcced.org).

- The Self-Sufficiency Standard was an integral tool for increasing Hawaii's minimum wage to $6.75 on January 1, 2006 and $7.25 on January 1, 2007.
- Georgetown University students ended a nine-day hunger strike when the University administration agreed to improve wages for the low-paid custodial, food service, and security workers. The student group utilized the Self-Sufficiency Standard for the District of Columbia in their campaign advocacy. The negotiated agreement included raising the minimum hourly wage to $13 beginning July 2006 and annual wage adjustments based on the Consumer Price Index.
- The Standard was cited in research and testimony in support of the SeaTac living wage ordinance (raising wages to $15/hour for covered employees) and in the successful campaign to raise the minimum wage in Seattle to $15/hour (over several years, depending on establishment size).

SUPPORT RESEARCH

Because the Self-Sufficiency Standard provides an accurate and specific measure of income adequacy, it is frequently used in research. The Standard provides a means of estimating how poverty differs from place to place and among different family types. The Standard also provides a means to measure the adequacy of various work supports, such as child support or child care assistance, given a family's income, place of residence, and composition.

- For example, the Self-Sufficiency Standard has been used to examine the cost of health insurance in Washington and Massachusetts. *Income Adequacy and the Affordability of Health Insurance in Washington State* and the *Health Economic Sufficiency Standard for Massachusetts* used the Standard to examine the cost of health insurance for different family types, with varying health statuses and health care coverage, in different locations (see www.wowonline.org/ourprograms/fess/state-resources/documents/MAHealthEconomicSelf-SufficiencyStandard.pdf).
- PathWays PA cites the Self-Sufficiency Standard frequently in its publications, including *Investing in Pennsylvania's Families: Economic Opportunities for All*, a policy publication looking at the needs of working families in Pennsylvania earning less than 200% of the Federal Poverty Level (see pathwayspa.org.mytempweb.com/wp-content/uploads/2014/01/Investing-in-PA-Families-2007.pdf). PathWays PA also uses the Standard as a measure on which to base tax credits, healthcare reform, and other needs.
- In several states, the Self-Sufficiency Standard has been used along with data from the U.S. Census Bureau to measure the number of families above and below the Self-Sufficiency Standard, as well as the characteristics of those above and below the Standard, such as race, ethnicity, family type, education, and employment. These demographic reports have been published by the Center for Women's Welfare for seven states, such as the report *Overlooked and Undercounted 2009: Struggling to Make Ends Meet in California* (see www.selfsufficiencystandard.org/pubs.html#addpubs). The most recent of these reports, which demonstrate the impact of the Great Recession as measured by the Standard, is for Pennsylvania, and can be found at selfsufficiencystandard.org/docs/PA2012_Web_101112.pdf.

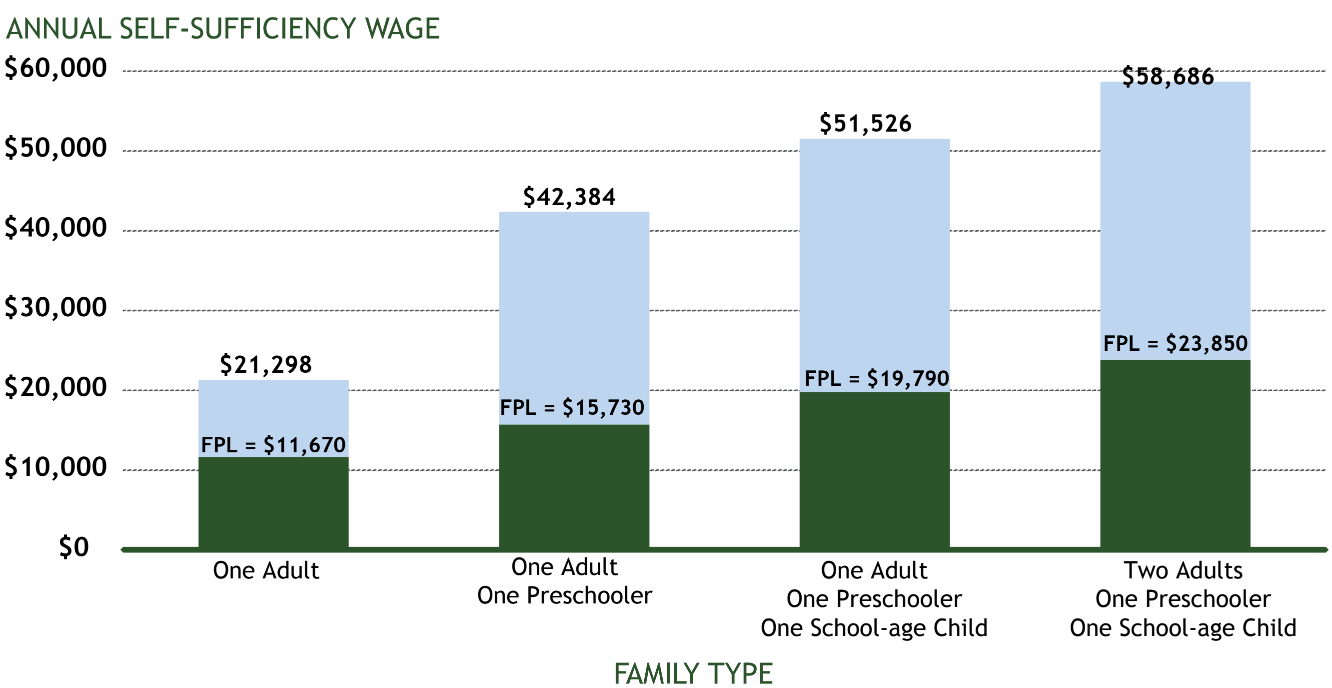
Appendix C: Federal Approaches to Measuring Poverty

The official federal poverty measure, often known as the Federal Poverty Level (FPL), was developed over four decades ago and today has become increasingly problematic and outdated as a measure of income adequacy.[a] Indeed, the Census Bureau itself states, "the official poverty measure should be interpreted as a statistical yardstick rather than as a complete description of what people and families need to live."[b] Despite the many limitations of the federal poverty measure, it is still used to calculate eligibility for a number of poverty and work support programs. The most significant shortcoming of the federal poverty measure is that for most families, in most places, *the poverty level is simply too low*. **Figure C-1**, *The Self-Sufficiency Standard and Federal Poverty Level for Select Family Types*, demonstrates that for various family types in Kitsap County (Excluding Bainbridge Island) the income needed to meet basic needs is far above the FPL. While the Standard changes by family type to account for the increase in costs specific to the type of family member—whether this person is an adult or child, and for children, by age—the FPL increases by a constant $4,060 for each additional family member and therefore does not adequately account for the real costs of meeting basic needs. Table C-1, The Self-Sufficiency Standard as a Percentage of the Federal Poverty Level, demonstrates that across all of Washington State's counties the income needed to meet basic needs is far above the FPL, indicating that families across Washington can have incomes above the federal poverty measure and yet lack sufficient resources to adequately meet their basic needs. For this reason, most assistance programs use a multiple of the federal poverty measure to determine need. For instance, child care assistance with low-cost co-payments is available through Washington's child care assistance program for families with incomes up to 200% of the FPL.[c]

THE MOST SIGNIFICANT SHORTCOMING OF THE FEDERAL POVERTY MEASURE IS THAT FOR MOST FAMILIES, IN MOST PLACES, THE POVERTY LEVEL IS SIMPLY TOO LOW.

However, simply raising the poverty level, or using a multiple of the FPL, cannot solve the structural problems inherent in the official poverty measure. In addition to the

Figure C-1. **The Self-Sufficiency Standard and Federal Poverty Level for Select Family Types**
Kitsap County (Excluding Bainbridge Island), WA 2014



fundamental problem of being too low, there are five basic methodological problems with the federal poverty measure.

First, the measure is based on the cost of a single item—food—rather than a "market basket" of all basic needs. Over five decades ago, when the FPL was first developed by Mollie Orshansky, food was the only budget item for which the cost of meeting a minimal standard, in this case nutrition, was known. (The Department of Agriculture had determined household food budgets based on nutritional standards.) Knowing that the average American family spent a third of their budget on food, Orshansky reasoned that multiplying the food budget by three would yield an estimate of the amount needed to meet other basic needs, and thus this became the basis of the FPL.[d]

Second, the measure's methodology is "frozen," not allowing for changes in the relative cost of food or non-food items, nor the addition of new necessary costs. Since it was developed, the poverty level has only been updated annually using the Consumer Price Index. As a result, the percentage of the household budget devoted to food has remained at one-third of the FPL even though American families now spend an average of only 13% of their income on food.[e] At the same time, other costs have risen much faster—such as health care, housing, and more recently, and energy—and new costs have arisen, such as child care and taxes. None of these changes are, or can be, reflected in the federal poverty measure based on a "frozen" methodology.

Third, the federal poverty measure is dated, implicitly using the demographic model of a two-parent family with a "stay-at-home" wife, or if a single parent, implicitly assumes she is not employed. This family demographic no longer reflects the reality of the majority of American families today. According to the U.S. Bureau of Labor Statistics, both parents were employed in 59% of two-parent families with children in 2013. Likewise, 68% of single mothers with children were employed and 81% of single fathers with children were employed in 2013.[f] Thus paid employment with its associated costs such as child care, transportation, and taxes is the norm for the majority of families today rather than the exception. Moreover, when the poverty measure was first developed, these employment-related items were not a significant expense for most families: taxes were relatively low and child care for families with young children was not common.[g] However, today these expenses are substantial, and borne by most families, and thus these costs should be included in a modern poverty measure.

Fourth, the poverty measure does not vary by geographic location. That is, the federal poverty measure is the same whether one lives in Louisiana or in the San Francisco Bay Area of California (with Alaska and Hawaii the only exceptions to the rule). However, housing in the most expensive areas of the United States costs over three times as much as in the least expensive areas.[h] Even within states, costs vary considerably: in Washington State, the cost of a three-bedroom housing rental in East King County is nearly $2,833 per month, while in Garfield County a three-bedroom unit is $801 per month.

Finally, the federal poverty measure provides no information or means to track changes in specific costs (such as housing, child care, etc.), nor the impact of subsidies, taxes, and/or tax credits that reduce (or increase) these costs. The federal poverty measure does not allow for determining how specific costs rise or fall over time. Likewise, when assessing the impact of subsidies, taxes, and tax credits, poverty measures cannot trace the impact they have on net costs unless they are explicitly included in the measure itself.

For these and other reasons, many researchers and analysts have proposed revising the federal poverty measure. Suggested changes would reflect twenty-first century needs, incorporate geographically based differences in costs, and respond to changes over time.[i]

THE SUPPLEMENTAL POVERTY MEASURE

Besides the Self-Sufficiency Standard, the other major proposed alternative to the federal poverty measure is a measure based on recommendations from the National Academy of Sciences (NAS).[j] The Census Bureau produced poverty estimates based on various combinations of the NAS recommendations, designating them as experimental poverty measures.[k] The new Supplemental Poverty Measure (SPM) developed by the Obama Administration, for which data were first released November 7, 2011, is based on the NAS methodology, with some revisions, and the earlier work by the Census Bureau and others.[l] Since 2011, the Census Bureau has released reports of poverty trends utilizing the SPM measure.

Table C-1. **The Self-Sufficiency Standard as a Percent of the Federal Poverty Level, 2014**
Three Family Types, All Washington State Counties

	ONE ADULT ONE PRESCHOOLER		ONE ADULT ONE PRESCHOOLER ONE SCHOOL-AGE		TWO ADULTS ONE PRESCHOOLER ONE SCHOOL-AGE	
COUNTY	Annual Self-Sufficiency Standard	Self-Sufficiency Standard as Percentage of Federal Poverty Level (FPL)	Annual Self-Sufficiency Standard	Self-Sufficiency Standard as Percentage of Federal Poverty Level (FPL)	Annual Self-Sufficiency Standard	Self-Sufficiency Standard as Percentage of Federal Poverty Level (FPL)
Clallam	$40,160	**255%**	$48,421	**245%**	$55,279	**232%**
Jefferson	$40,402	**257%**	$48,025	**243%**	$56,053	**235%**
Kitsap (Bainbridge Island)	$45,073	**287%**	$54,176	**274%**	$61,358	**257%**
Kitsap (Excluding Bainbridge Island)	$42,384	**269%**	$51,526	**260%**	$58,686	**246%**
Grays Harbor	$32,744	**208%**	$41,744	**211%**	$49,708	**208%**
Lewis	$34,413	**219%**	$45,945	**232%**	$53,050	**222%**
Mason	$37,450	**238%**	$45,603	**230%**	$52,807	**221%**
Pacific	$31,535	**200%**	$40,372	**204%**	$47,946	**201%**
Thurston	$42,919	**273%**	$52,208	**264%**	$59,212	**248%**
Island	$39,302	**250%**	$49,941	**252%**	$57,159	**240%**
San Juan	$43,502	**277%**	$51,961	**263%**	$58,868	**247%**
Skagit	$40,162	**255%**	$50,479	**255%**	$57,321	**240%**
Whatcom	$41,640	**265%**	$52,918	**267%**	$59,773	**251%**
Snohomish (West County Cities)	$55,336	**352%**	$66,941	**338%**	$74,503	**312%**
Snohomish (Excluding West County Cities)	$49,501	**315%**	$61,094	**309%**	$68,288	**286%**
King (City of Seattle)	$52,443	**333%**	$64,667	**327%**	$69,704	**292%**
King (East)	$61,839	**393%**	$74,616	**377%**	$79,411	**333%**
King (North)	$57,819	**368%**	$70,044	**354%**	$75,391	**316%**
King (South)	$52,436	**333%**	$64,661	**327%**	$70,007	**294%**
Pierce (West County Cities)	$44,806	**285%**	$54,946	**278%**	$62,607	**263%**
Pierce (Excluding West County Cities)	$44,135	**281%**	$54,275	**274%**	$61,547	**258%**
Clark	$42,657	**271%**	$53,525	**270%**	$60,901	**255%**
Cowlitz	$34,075	**217%**	$45,662	**231%**	$52,573	**220%**
Wahkiakum	$30,364	**193%**	$40,669	**206%**	$48,214	**202%**
Adams	$30,449	**194%**	$37,601	**190%**	$45,295	**190%**
Chelan	$35,140	**223%**	$44,406	**224%**	$51,705	**217%**
Douglas	$33,240	**211%**	$41,646	**210%**	$48,639	**204%**
Grant	$32,229	**205%**	$38,810	**196%**	$46,653	**196%**
Okanogan	$29,606	**188%**	$35,497	**179%**	$43,538	**183%**
Kittitas	$37,254	**237%**	$47,442	**240%**	$54,991	**231%**
Klickitat	$31,915	**203%**	$44,088	**223%**	$50,998	**214%**
Skamania	$33,187	**211%**	$40,340	**204%**	$47,776	**200%**
Yakima	$32,210	**205%**	$41,085	**208%**	$48,973	**205%**
Asotin	$29,993	**191%**	$34,815	**176%**	$42,549	**178%**
Columbia	$31,004	**197%**	$42,323	**214%**	$49,543	**208%**
Ferry	$30,919	**197%**	$43,738	**221%**	$50,680	**212%**

Table C-1. **The Self-Sufficiency Standard as a Percent of the Federal Poverty Level, 2014**
Three Family Types, All Washington State Counties

	ONE ADULT ONE PRESCHOOLER		ONE ADULT ONE PRESCHOOLER ONE SCHOOL-AGE		TWO ADULTS ONE PRESCHOOLER ONE SCHOOL-AGE	
COUNTY	Annual Self-Sufficiency Standard	Self-Sufficiency Standard as Percentage of Federal Poverty Level (FPL)	Annual Self-Sufficiency Standard	Self-Sufficiency Standard as Percentage of Federal Poverty Level (FPL)	Annual Self-Sufficiency Standard	Self-Sufficiency Standard as Percentage of Federal Poverty Level (FPL)
Garfield	$28,778	183%	$38,509	195%	$46,222	194%
Lincoln	$28,991	184%	$33,805	171%	$41,563	174%
Pend Oreille	$27,945	178%	$35,062	177%	$43,105	181%
Stevens	$34,009	216%	$44,912	227%	$51,805	217%
Walla Walla	$38,708	246%	$50,933	257%	$58,157	244%
Whitman	$38,420	244%	$48,209	244%	$55,552	233%
Benton Kennewick/Richland)	$38,014	242%	$47,983	242%	$54,747	230%
Benton Excluding Kennewick/Richland)	$36,036	229%	$46,453	235%	$53,136	223%
Franklin	$35,210	224%	$46,078	233%	$52,936	222%
Spokane	$36,023	229%	$46,573	235%	$53,532	224%

Designed primarily to track poverty trends over time, the Supplemental Poverty Measure provides a new and improved statistic to better understand the prevalence of poverty in the United States. The primary differences from the FPL are two: first, the thresholds are based on expenditures, and thus track living standards, making the SPM a relative measure. Second, the SPM uses a broader measure of resources, beyond cash income, including the value of some benefits (those that offset the core elements of the SPM, i.e., food, housing and utilities). The SPM is not intended to be a replacement for the FPL, but it will provide policymakers with additional data on the extent of poverty and the impact of public policies. At the same time, the SPM will not replace the need for other benchmarks of income adequacy, particularly because its thresholds are set at a level roughly the same as the FPL. The Standard will continue to be an essential tool for understanding what it takes to make ends meet at a minimally adequate level in today's economy.

APPENDIX C ENDNOTES

a. There are two federal measurements of poverty. A detailed matrix of poverty thresholds is calculated each year by the U.S. Census Bureau, which varies by the number of adults and the number of children in the household, and by age for one- and two-adult households. The threshold is used to calculate the number of people in poverty for the previous year. The other form of the poverty measure is called the "federal poverty guidelines" or the "Federal Poverty Level" (FPG/FPL). The FPL is calculated by the U.S. Department of Health and Human Services each February and is primarily used by federal and state programs to determine eligibility and/or calculate benefits, such as for SNAP (formerly the Food Stamps Program). The FPL only varies by family size, regardless of composition; the 2014 FPL for a family of three is $19,790. The Standard references the FPL in this report. For more information about the federal poverty measurements, see http://aspe.hhs.gov/poverty/faq.cfm and http://aspe.hhs.gov/poverty/14poverty.cfm.

b. Carmen DeNavas-Walt, Bernadette Proctor, and Jessica C. Smith, "Income, Poverty, and Health Insurance Coverage in the U.S.: 2012," U.S. Census Bureau, Current Population Reports, Series P60-245, Washington, D.C. (U.S. Government Printing Office), http://www.census.gov/prod/2013pubs/p60-245.pdf (accessed June 24, 2014).

c. Washington State Department of Health and Human Services, "Working Connections Child Care" http://www.dshs.wa.gov/onlinecso/wccc.shtml (accessed September 5, 2014).

d. U.S. Department of Health and Human Services, "Frequently Asked Questions Related to the Poverty Guidelines and Poverty," http://aspe.hhs.gov/poverty/faq.cfm (accessed June 25, 2014).

e. In 2012 the average consumer expenditure on food was $6,599 per year or 12.8% of total expenditures. U.S. Department of Labor, Bureau of Labor Statistics, "Consumer Expenditures in 2012," http://www.bls.gov/news.release/cesan.nr0.htm (accessed June 25, 2014).

f. U.S. Department of Labor, U.S. Bureau of Labor Statistics, "Employment Characteristics of Families-2013," http://www.bls.gov/news.release/pdf/famee.pdf (accessed June 7, 2014).

g. At the time the federal poverty measure was developed child care was a negligible component of consumer expenditures (p. 27) and the tax burden on the low-income population was relatively low at an effective 1% in 1966 (p. 29). Constance Citro and Robert Michael, Eds., *Measuring Poverty: A New Approach*, Washington, D.C.: National Academy Press, http://www.nap.edu/openbook.php?record_id=4759 (accessed June 25, 2014); hereafter cited as *Measuring Poverty*.

h. Using the 2015 Fair Market Rents, the cost of housing (including utilities) at the 40th percentile for a two-bedroom unit in the most expensive place—the San Francisco metropolitan area—is $2,062 per month. This is nearly four times as much as the least expensive housing in the country, found in most counties in Kentucky, where two-bedroom units cost $558 per month. U.S. Housing and Urban Development Department, "Fair Market Rents," http://www.huduser.org/datasets/fmr.html (accessed August 15, 2014).

i. One of the first people to advocate implementing changes over time into the Federal Poverty Level was Patricia Ruggles, author of *Drawing the Line*. Ruggles' work and the analyses of many others are summarized in *Measuring Poverty*.

j. *Measuring Poverty*.

k. Thesia I. Garner and Kathleen S. Short, "Creating a Consistent Poverty Measure Over Time Using NAS Procedures: 1996-2005," U.S. Department of Labor, BLS Working Papers, Working Paper 417, April 2008, http://www.bls.gov/osmr/pdf/ec080030.pdf (accessed June 25, 2014).

l. U.S. Department of Commerce, U.S. Census Bureau, Poverty – Experimental Measures, Supplemental Poverty Measure Methodology, "Observations from the Interagency Technical Working Group on Developing a Supplemental Poverty Measure," March 2010, https://www.census.gov/hhes/www/poverty/SPM_TWGObservations.pdf (accessed June 25, 2014). U.S. Department of Commerce, U.S. Census Bureau, "Webinar: Supplemental Poverty Measure Research," http://www.census.gov/newsroom/releases/archives/news_conferences/2011-11-04_spm_webinar.html (accessed November 10, 2011).

Appendix D:
The Self-Sufficiency Standard for Select Family Types in Washington State

County Data Table Index
Ordered Alphabetically by County

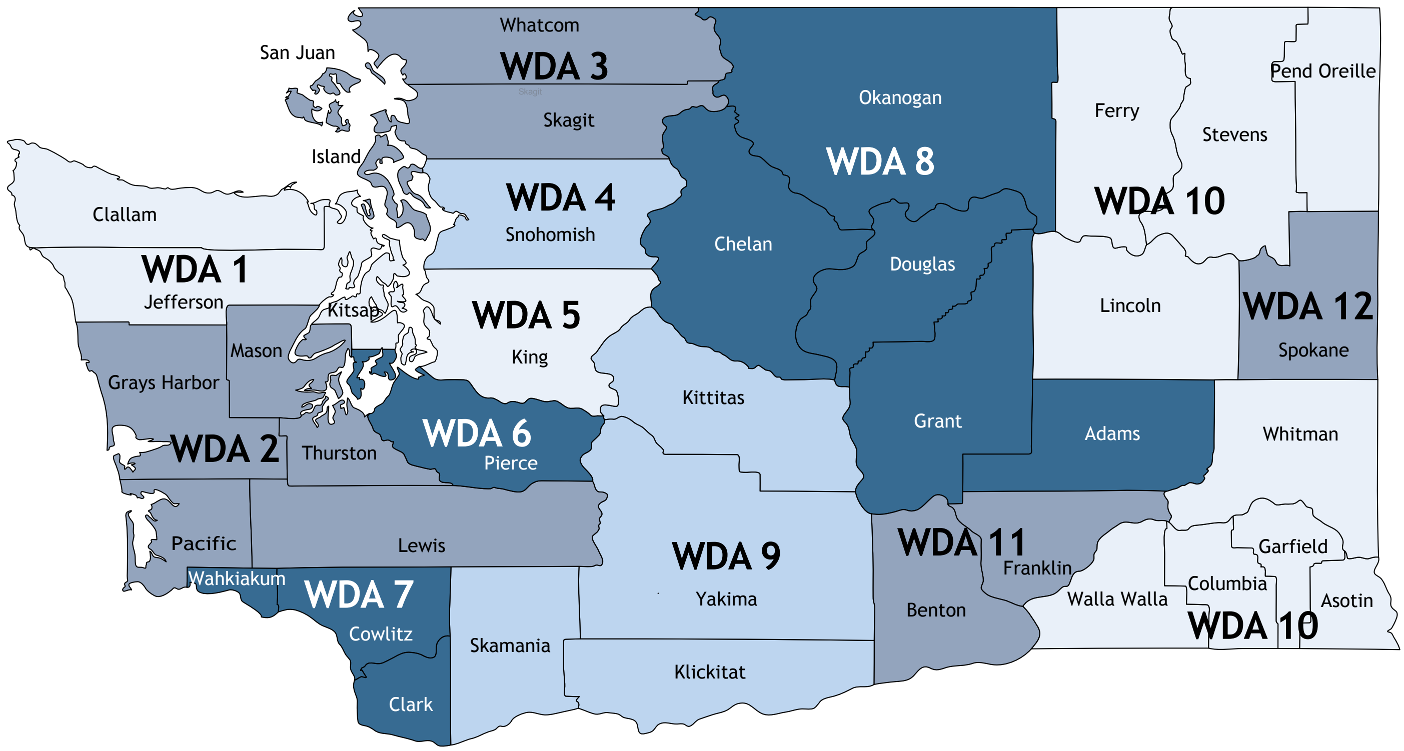
TABLE	COUNTY
25	Adams County
34	Asotin County
43	Benton County (Kennewick/Richland)
44	Benton County (Excluding Kennewick/Richland)
26	Chelan County
1	Clallam County
22	Clark County
35	Columbia County
23	Cowlitz County
27	Douglas County
36	Ferry County
45	Franklin County
37	Garfield County
28	Grant County
5	Grays Harbor County
10	Island County
2	Jefferson County
16	King County (City of Seattle)
17	King County (East)
18	King County (North)
19	King County (South)
3	Kitsap County (Bainbridge Island)
4	Kitsap County (Excluding Bainbridge Island)

TABLE	COUNTY
30	Kittitas County
31	Klickitat County
6	Lewis County
38	Lincoln County
7	Mason County
29	Okanogan County
8	Pacific County
39	Pend Oreille County
20	Pierce County (West County Cities)
21	Pierce County (Excluding West County Cities)
11	San Juan County
12	Skagit County
32	Skamania County
14	Snohomish County (West County Cities)
15	Snohomish County (Excluding West County Cities)
46	Spokane County
40	Stevens County
9	Thurston County
24	Wahkaikum County
41	Walla Walla County
13	Whatcom County
42	Whitman County
33	Yakima County

Explanation of Within-County Regions

WITHIN-COUNTY REGION	AREA COVERED
BENTON COUNTY (KENNEWICK/RICHLAND)	Cities of Kennewick and Richland
BENTON COUNTY (EXCLUDING KENNEWICK/RICHLAND)	All other areas in Benton County
KING COUNTY (CITY OF SEATTLE)	City of Seattle
KING COUNTY (EAST)	Cities of Bellevue, Issaquah, Kirkland, Mercer Island, Redmond, Sammamish, also including nearby unincorporated areas and smaller cities/towns east of Lake Washington and North of Interstate 90
KING COUNTY (NORTH)	Cities of Bothell, Kenmore, and Shoreline, also including nearby unincorporated areas and smaller cities/towns north of Lake Washington
KING COUNTY (SOUTH)	Cities of Auburn, Burien, Des Moines, Federal Way, Kent, SeaTac, and Renton, also including nearby unincorporated areas and smaller cities/towns south of Interstate 90
KITSAP COUNTY (BAINBRIDGE ISLAND)	Bainbridge Island
KITSAP COUNTY (EXCLUDING BAINBRIDGE ISLAND)	All other areas of Kitsap County
PIERCE COUNTY (WEST COUNTY CITIES)	Cities of Lakewood, Puyallup, Tacoma, and University Place, also including nearby smaller West County cities/towns
PIERCE COUNTY (EXCLUDING WEST COUNTY CITIES)	All other areas in Pierce County
SNOHOMISH COUNTY (WEST COUNTY CITIES)	Cities of Edmonds, Everett, Lynnwood, Mountlake Terrace, Marysville, and Mukilteo, also including nearby smaller West County cities/towns
SNOHOMISH COUNTY (EXCLUDING WEST COUNTY CITIES)	All other areas of Snohomish County

Map of Washington Workforce Development Areas



WDA	AREA NAME	COUNTIES
WDA 1	Olympic Consortium	Clallam, Jefferson, Kitsap
WDA 2	Pacific Mountain	Grays Harbor, Lewis, Mason, Pacific, Thurston
WDA 3	Northwest	Island, Skagit, San Juan, Whatcom
WDA 4	Snohomish	Snohomish County
WDA 5	Seattle-King	King County
WDA 6	Pierce	Pierce County
WDA 7	Southwest	Clark, Cowlitz, Wahkiakum
WDA 8	North Central	Adams, Chelan, Douglas, Grant, Okanogan
WDA 9	South Central	Kittitas, Klickitat, Yakima, Skamania
WDA 10	Eastern	Asotin, Columbia, Ferry, Garfield, Lincoln, Pend Oreille, Stevens, Walla Walla, Whitman
WDA 11	Benton-Franklin	Benton, Franklin
WDA 12	Spokane	Spokane County

Workforce Development Area 1: Olympic

Table 1
The Self-Sufficiency Standard for Clallam County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$619	$838	$838	$838	$838	$838	$838	$1,203
Child Care	$0	$815	$1,656	$,1244	$429	$841	$1,244	$,2085
Food	$251	$380	$499	$573	$663	$608	$787	$870
Transportation	$246	$255	$255	$255	$255	$486	$486	$486
Health Care	$116	$416	$426	$431	$460	$472	$488	$500
Miscellaneous	$123	$270	$367	$334	$265	$324	$384	$514
Taxes	$200	$514	$737	$626	$358	$552	$648	$993
Earned Income Tax Credit (-)	$0	$0	$0	$0	($162)	$0	$0	$0
Child Care Tax Credit (-)	$0	($55)	($100)	($100)	($63)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.84	$19.02	$25.63	$22.93	$16.35	$11.33 per adult	$13.09 per adult	$17.90 per adult
MONTHLY	$1,556	$3,347	$4,510	$4,035	$2,877	$3,987	$4,607	$6,301
ANNUAL	$18,673	$40,160	$54,122	$48,421	$34,528	$47,845	$55,279	$75,614
EMERGENCY SAVINGS (Monthly Contribution)	$38	$84	$116	$107	$95	$51	$62	$81

Table 2
The Self-Sufficiency Standard for Jefferson County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$670	$907	$907	$907	$907	$907	$907	$1,130
Child Care	$0	$637	$1,355	$968	$330	$718	$968	$1,686
Food	$330	$501	$658	$756	$874	$801	$1,037	$1,147
Transportation	$246	$255	$255	$255	$255	$485	$485	$485
Health Care	$116	$413	$426	$431	$460	$472	$488	$500
Miscellaneous	$136	$271	$360	$332	$283	$338	$388	$495
Taxes	$242	$521	$715	$620	$446	$601	$665	$932
Earned Income Tax Credit (-)	$0	$0	$0	$0	($83)	$0	$0	$0
Child Care Tax Credit (-)	$0	($55)	($100)	($100)	($55)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$9.89	$19.13	$25.05	$22.74	$18.47	$11.90 per adult	$13.27 per adult	$17.12 per adult
MONTHLY	$1,741	$3,367	$4,409	$4,002	$3,250	$4,190	$4,671	$6,025
ANNUAL	$20,897	$40,402	$52,912	$48,025	$39,003	$50,275	$56,053	$72,303
EMERGENCY SAVINGS (Monthly Contribution)	$41	$85	$114	$107	$96	$53	$63	$79

Table 3
The Self-Sufficiency Standard for Kitsap County (Bainbridge Island), WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$871	$1,142	$1,142	$1,142	$1,142	$1,142	$1,142	$1,641
Child Care	$0	$767	$1,654	$,1244	$477	$887	$1,244	$2,131
Food	$258	$392	$514	$591	$683	$626	$810	$897
Transportation	$259	$267	$267	$267	$267	$510	$510	$510
Health Care	$116	$413	$426	$431	$460	$472	$488	$500
Miscellaneous	$150	$298	$400	$368	$303	$364	$419	$568
Taxes	$289	$610	$848	$739	$538	$684	$766	$1,173
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	$0	($50)	($100)	($100)	($50)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$11.04	$21.34	$28.32	$25.65	$20.76	$12.93 per adult	$14.53 per adult	$20.08 per adult
MONTHLY	$1,944	$3,756	$4,985	$4,515	$3,654	$4,552	$5,113	$7,069
ANNUAL	$23,324	$45,073	$59,816	$54,176	$43,853	$54,623	$65,075	$84,827
EMERGENCY SAVINGS (Monthly Contribution)	$44	$91	$124	$116	$98	$56	$69	$88

Table 4
The Self-Sufficiency Standard for Kitsap County (Excluding Bainbridge Island), WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$755	$989	$989	$989	$989	$989	$989	$1,421
Child Care	$0	$767	$1,654	$1,244	$477	$887	$1,244	$2,131
Food	$258	$392	$514	$591	$683	$626	$810	$897
Transportation	$258	$266	$266	$266	$266	$508	$508	$508
Health Care	$116	$413	$426	$431	$460	$472	$488	$500
Miscellaneous	$139	$283	$385	$352	$288	$348	$404	$546
Taxes	$249	$558	$797	$687	$467	$632	$715	$1,099
Earned Income Tax Credit (-)	$0	$0	$0	$0	($63)	$0	$0	$0
Child Care Tax Credit (-)	$0	($53)	($100)	($100)	($55)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$10.08	$20.07	$27.07	$24.40	$19.01	$12.30 per adult	$13.89 per adult	$19.18 per adult
MONTHLY	$1,775	$3,532	$4,764	$4,294	$3,345	$4,329	$4,890	$6,751
ANNUAL	$21,298	$42,384	$57,165	$51,526	$40,141	$51,952	$58,686	$81,009
EMERGENCY SAVINGS (Monthly Contribution)	$42	$87	$120	$112	$96	$54	$65	$85

Workforce Development Area 2: Pacific Mountain

Table 5
The Self-Sufficiency Standard for Grays Harbor County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$527	$681	$681	$681	$681	$681	$681	$972
Child Care	$0	$572	$1,226	$981	$409	$654	$981	$1,635
Food	$278	$422	$554	$637	$737	$675	$874	$967
Transportation	$251	$259	$259	$259	$259	$494	$494	$494
Health Care	$116	$413	$426	$431	$460	$472	$488	$500
Miscellaneous	$117	$235	$315	$299	$255	$298	$352	$457
Taxes	$186	$372	$562	$497	$322	$472	$540	$802
Earned Income Tax Credit (-)	$0	($77)	$0	($35)	($202)	($9)	$0	$0
Child Care Tax Credit (-)	$0	($65)	($100)	($105)	($65)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.38	$15.50	$21.34	$19.77	$15.28	$10.24 per adult	$11.77 per adult	$15.56 per adult
MONTHLY	$1,476	$2,729	$3,756	$3,479	$2,689	$3,604	$4,142	$5,477
ANNUAL	$17,707	$32,744	$45,071	$41,744	$32,270	$43,247	$49,708	$65,723
EMERGENCY SAVINGS (Monthly Contribution)	$36	$79	$103	$100	$94	$48	$56	$74

Table 6
The Self-Sufficiency Standard for Lewis County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$543	$724	$724	$724	$724	$724	$724	$951
Child Care	$0	$629	$1,344	$1,184	$555	$715	$1,184	$,1899
Food	$262	$398	$522	$600	$693	$636	$822	$910
Transportation	$251	$260	$260	$260	$260	$495	$495	$495
Health Care	$116	$413	$426	$431	$460	$472	$488	$500
Miscellaneous	$117	$242	$328	$320	$269	$304	$371	$476
Taxes	$185	$402	$602	$576	$378	$482	$602	$860
Earned Income Tax Credit (-)	$0	($55)	$0	$0	($142)	$0	$0	$0
Child Care Tax Credit (-)	$0	($63)	($100)	($100)	($60)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.38	$16.29	$22.38	$21.75	$16.88	$10.50 per adult	$12.56 per adult	$16.31 per adult
MONTHLY	$1,475	$2,868	$3,938	$3,829	$2,971	$3.695	$4,421	$5,742
ANNUAL	$17,700	$34,413	$47,258	$45,945	$35,657	$44,337	$53,050	$68,902
EMERGENCY SAVINGS (Monthly Contribution)	$36	$80	$106	$104	$95	$47	$61	$76

Table 7
The Self-Sufficiency Standard for Mason County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$647	$876	$876	$876	$876	$876	$876	$1,186
Child Care	$0	$606	$1,300	$1,005	$399	$694	$1,005	$1,698
Food	$263	$398	$523	$601	$695	$637	$824	$912
Transportation	$256	$265	$265	$265	$265	$505	$505	$505
Health Care	$116	$413	$426	$431	$460	$472	$488	$500
Miscellaneous	$128	$256	$339	$318	$269	$318	$370	$480
Taxes	$214	$462	$642	$572	$382	$532	$600	$880
Earned Income Tax Credit (-)	$0	($14)	$0	$0	$(141)	$0	$0	$0
Child Care Tax Credit (-)	$0	($58)	($100)	($100)	($60)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$9.23	$17.73	$23.32	$21.59	$16.92	$11.08 per adult	$12.50 per adult	$16.51 per adult
MONTHLY	$1,625	$3,121	$4,103	$3,800	$2,979	$3,901	$4,401	$5,812
ANNUAL	$19,496	$37,450	$49,241	$45,603	$35,743	$46,813	$52,807	$69,738
EMERGENCY SAVINGS (Monthly Contribution)	$39	$81	$109	$103	$95	$50	$60	$77

Table 8
The Self-Sufficiency Standard for Pacific County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$619	$767	$767	$767	$767	$767	$767	$1,027
Child Care	$0	$474	$1,061	$908	$434	$587	$908	$1,495
Food	$249	$378	$496	$570	$659	$604	$782	$865
Transportation	$253	$261	$261	$261	$261	$498	$498	$498
Health Care	$116	$413	$426	$431	$460	$472	$488	$500
Miscellaneous	$124	$229	$301	$294	$258	$293	$344	$439
Taxes	$201	$347	$504	$469	$329	$438	$497	$737
Earned Income Tax Credit (-)	$0	($93)	($27)	($59)	($189)	($26)	($22)	$0
Child Care Tax Credit (-)	$0	($65)	($105)	($110)	($63)	($53)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.87	$14.93	$19.99	$19.12	$15.63	$9.94 per adult	$11.35 per adult	$14.80 per adult
MONTHLY	$1,562	$2,628	$3,518	$3,364	$2,751	$3,497	$3,996	$5,211
ANNUAL	$18,739	$31,535	$42,213	$40,372	$33,011	$41,966	$47,946	$62,535
EMERGENCY SAVINGS (Monthly Contribution)	$38	$78	$100	$100	$94	$48	$58	$72

Table 9
The Self-Sufficiency Standard for Thurston County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$543	$1026	$724	$1,026	$1,026	$1,026	$1,026	$1,486
Child Care	$0	$776	$1344	$1,267	$491	$919	$1,267	$1,695
Food	$262	$380	$522	$573	$663	$608	$787	$891
Transportation	$251	$263	$260	$263	$263	$502	$502	$502
Health Care	$116	$413	$426	$431	$460	$472	$488	$521
Miscellaneous	$117	$286	$328	$356	$290	$353	$407	$509
Taxes	$185	$568	$602	$701	$480	$647	$725	$979
Earned Income Tax Credit (-)	$0	$0	$0	$0	($52)	$0	$0	$0
Child Care Tax Credit (-)	$0	($53)	($100)	($100)	($55)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.38	$20.32	$22.38	$24.72	$19.32	$12.48 per adult	$14.02 per adult	$17.71 per adult
MONTHLY	$1,475	$3,577	$3,938	$4,351	$3,401	$4,394	$4,934	$6,233
ANNUAL	$17,700	$42,919	$47,258	$52,208	$40,809	$52,724	$59,212	$74,795
EMERGENCY SAVINGS (Monthly Contribution)	$36	$88	$106	$113	$97	$55	$65	$81

Workforce Development Area 3: Northwest

Table 10
The Self-Sufficiency Standard for Island County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$696	$909	$909	$909	$909	$909	$909	$1,339
Child Care	$0	$657	$1,443	$1,206	$549	$786	$1,206	$1,993
Food	$274	$415	$545	$626	$724	$664	$859	$951
Transportation	$248	$256	$256	$256	$256	$488	$488	$488
Health Care	$116	$413	$426	$431	$460	$472	$488	$500
Miscellaneous	$133	$265	$358	$343	$290	$332	$395	$527
Taxes	$232	$498	$707	$657	$478	$578	$685	$1,037
Earned Income Tax Credit (-)	$0	$0	$0	$0	($54)	$0	$0	$0
Child Care Tax Credit (-)	$0	($55)	($100)	($100)	($55)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$9.65	$18.61	$24.87	$23.65	$19.27	$11.64 per adult	$13.53 per adult	$18.42 per adult
MONTHLY	$1,699	$3,275	$4,377	$4,162	$3,392	$4,096	$4,763	$6,485
ANNUAL	$20,385	$39,302	$52,521	$49,941	$40,699	$49,149	$57,159	$77,815
EMERGENCY SAVINGS (Monthly Contribution)	$40	$83	$113	$110	$97	$52	$64	$83

Table 11
The Self-Sufficiency Standard for San Juan County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$764	$974	$974	$974	$974	$974	$974	$1,286
Child Care	$0	$866	$1,748	$1,310	$444	$883	$1,310	$2,193
Food	$252	$382	$501	$576	$666	$611	$790	$874
Transportation	$248	$257	$257	$257	$257	$490	$490	$490
Health Care	$116	$413	$426	$431	$460	$472	$488	$500
Miscellaneous	$138	$289	$391	$355	$280	$343	$405	$534
Taxes	$246	$578	$813	$694	$430	$612	$716	$1,057
Earned Income Tax Credit (-)	$0	$0	$0	$0	($96)	$0	$0	$0
Child Care Tax Credit (-)	$0	($50)	($100)	($100)	($58)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$10.03	$20.60	$27.52	$24.60	$18.14	$12.08 per adult	$13.94 per adult	$18.71 per adult
MONTHLY	$1,765	$3,625	$4,843	$4,330	$3,193	$4,250	$4,906	$6,584
ANNUAL	$21,179	$43,502	$58,112	$51,961	$38,311	$51,006	$58,868	$79,012
EMERGENCY SAVINGS (Monthly Contribution)	$41	$89	$122	$113	$96	$53	$65	$84

Table 12
The Self-Sufficiency Standard for Skagit County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$735	$988	$988	$988	$988	$988	$988	$1,387
Child Care	$0	$669	$1,492	$1,222	$553	$823	$1,222	$2,045
Food	$245	$372	$488	$561	$649	$594	$769	$851
Transportation	$250	$259	$259	$259	$259	$493	$493	$493
Health Care	$116	$413	$426	$431	$460	$472	$488	$500
Miscellaneous	$135	$270	$365	$346	$291	$337	$396	$528
Taxes	$236	$515	$730	$666	$481	$594	$687	$1,038
Earned Income Tax Credit (-)	$0	$0	$0	$0	($50)	$0	$0	$0
Child Care Tax Credit (-)	$0	($55)	($100)	($100)	($55)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$9.76	$19.02	$25.46	$23.90	$19.37	$11.84 per adult	$13.57 per adult	$18.44 per adult
MONTHLY	$1,717	$3,347	$4,481	$4,207	$3,409	$4,168	$4,777	$6,492
ANNUAL	$20,604	$40,162	$53,772	$50,479	$40,906	$50,019	$57,321	$77,902
EMERGENCY SAVINGS (Monthly Contribution)	$40	$84	$115	$110	$97	$53	$64	$83

Table 13
The Self-Sufficiency Standard for Whatcom County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$721	$948	$948	$948	$948	$948	$948	$1,372
Child Care	$0	$789	$1,676	$1,398	$608	$886	$1,398	$2,284
Food	$249	$377	$495	$568	$658	$603	$780	$863
Transportation	$248	$256	$256	$256	$256	$489	$489	$489
Health Care	$116	$413	$426	$431	$460	$472	$488	$500
Miscellaneous	$133	$278	$380	$360	$293	$340	$410	$551
Taxes	$232	$544	$781	$714	$493	$604	$736	$1,116
Earned Income Tax Credit (-)	$0	$0	$0	$0	($40)	$0	$0	$0
Child Care Tax Credit (-)	$0	($53)	($100)	($100)	($53)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$9.65	$19.72	$26.67	$25.06	$19.65	$11.96 per adult	$14.15 per adult	$19.39 per adult
MONTHLY	$1,699	$3,470	$4,694	$4,410	$3,458	$4,208	$4,981	$6,825
ANNUAL	$20,387	$41,640	$56,333	$52,918	$41,494	$50,498	$59,773	$81,900
EMERGENCY SAVINGS (Monthly Contribution)	$40	$86	$119	$114	$97	$53	$66	$86

Workforce Development Area 4: Snohomish

Table 14
The Self-Sufficiency Standard for Snohomish County (West County Cities), WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$1,299	$1,599	$1,599	$1,599	$1,599	$1,599	$1,599	$2,355
Child Care	$0	$880	$1,936	$1,497	$618	$1,057	$1,497	$2,554
Food	$263	$400	$524	$602	$697	$639	$826	$914
Transportation	$276	$285	$285	$285	$285	$545	$545	$545
Health Care	$116	$413	$426	$431	$460	$472	$488	$500
Miscellaneous	$195	$358	$477	$441	$366	$431	$495	$687
Taxes	$441	$812	$1,142	$990	$751	$913	$1,025	$1,577
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	$0	($50)	($100)	($100)	($50)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$14.72	$26.20	$34.78	$31.70	$25.90	$15.69 per adult	$17.64 per adult	$24.95 per adult
MONTHLY	$2,591	$4,611	$6,121	$5,578	$4,559	$5,521	$6,209	$8,783
ANNUAL	$31,096	$55,336	$73,455	$66,941	$54,702	$66,254	$74,503	$105,391
EMERGENCY SAVINGS (Monthly Contribution)	$56	$106	$161	$136	$113	$65	$76	$103

Table 15
The Self-Sufficiency Standard for Snohomish County (Excluding West County Cities), WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$1,043	$1,283	$1,283	$1,283	$1,283	$1,283	$1,283	$1,891
Child Care	$0	$880	$1,936	$1,497	$618	$1,057	$1,497	$2,554
Food	$263	$400	$524	$602	$697	$639	$826	$914
Transportation	$255	$264	$264	$264	$264	$503	$503	$503
Health Care	$116	$413	$426	$431	$460	$472	$488	$500
Miscellaneous	$168	$324	$443	$408	$332	$395	$460	$636
Taxes	$346	$696	$991	$872	$635	$789	$900	$1,400
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	$0	($50)	($100)	($100)	($50)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$12.45	$23.44	$31.82	$28.93	$23.14	$14.22 per adult	$16.17 per adult	$22.86 per adult
MONTHLY	$2,192	$4,125	$5,600	$5,091	$4,072	$5,004	$5,691	$8,048
ANNUAL	$26,299	$49,501	$67,201	$61,094	$48,866	$60,049	$68,288	$96,581
EMERGENCY SAVINGS (Monthly Contribution)	$49	$98	$138	$126	$105	$60	$72	$97

Workforce Development Area 5: Seattle-King

Table 16
The Self-Sufficiency Standard for King County (City of Seattle), WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$1,134	$1,395	$1,395	$1,395	$1,395	$1,395	$1,395	$2,056
Child Care	$0	$1,093	$2,400	$1,733	$640	$1,307	$1,733	$3,040
Food	$281	$426	$559	$642	$742	$680	$880	$974
Transportation	$99	$99	$99	$99	$99	$198	$198	$198
Health Care	$113	$395	$407	$413	$442	$454	$469	$482
Miscellaneous	$163	$341	$486	$428	$332	$403	$468	$675
Taxes	$331	$756	$1,191	$945	$638	$820	$932	$1,537
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	$0	($50)	($100)	($100)	($50)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$12.05	$24.83	$35.63	$30.62	$23.14	$14.56 per adult	$16.50 per adult	$24.47 per adult
MONTHLY	$2,120	$4,370	$6,271	$5,389	$4,072	$5,125	$5,809	$8,612
ANNUAL	$25,440	$52,443	$75,246	$64,667	$48,865	$61,497	$69,704	$103,346
EMERGENCY SAVINGS (Monthly Contribution)	$48	$102	$167	$131	$105	$61	$73	$102

Table 17
The Self-Sufficiency Standard for King County (East), WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$1,563	$1,923	$1,923	$1,923	$1,923	$1,923	$1,923	$2,833
Child Care	$0	$1,093	$2,400	$1,733	$640	$1,307	$1,733	$3,040
Food	$281	$426	$559	$642	$742	$680	$880	$974
Transportation	$117	$117	$117	$117	$117	$234	$234	$234
Health Care	$113	$395	$407	$413	$442	$454	$469	$482
Miscellaneous	$207	$395	$541	$483	$386	$460	$524	$756
Taxes	$480	$938	$1,490	$1,174	$821	$1,009	$1,121	$1,951
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	$0	($50)	($100)	($100)	($50)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$15.69	$29.28	$40.74	$35.33	$27.59	$16.86 per adult	$18.80 per adult	$28.18 per adult
MONTHLY	$2,761	$5,153	$7,170	$6,218	$4,855	$5,934	$6,618	$9,921
ANNUAL	$33,135	$61,839	$86,038	$74,616	$58,262	$71,203	$79,411	$119,048
EMERGENCY SAVINGS (Monthly Contribution)	$16	$29	$41	$35	$28	$17	$19	$28

Table 18
The Self-Sufficiency Standard for King County (North), WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$1,373	$1,689	$1,689	$1,689	$1,689	$1,689	$1,689	$2,489
Child Care	$0	$1,093	$2,400	$1,733	$640	$1,307	$1,733	$3,040
Food	$281	$426	$559	$642	$742	$680	$880	$974
Transportation	$117	$117	$117	$117	$117	$234	$234	$234
Health Care	$113	$395	$407	$413	$442	$454	$469	$482
Miscellaneous	$188	$372	$517	$459	$363	$436	$501	$722
Taxes	$417	$860	$1,362	$1,050	$742	$931	$1,042	$1,762
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	$0	($50)	($100)	($100)	($50)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$14.14	$27.38	$38.55	$33.16	$25.68	$15.91 per adult	$17.85 per adult	$26.57 per adult
MONTHLY	$2,489	$4,818	$6,785	$5,837	$4,520	$5,599	$6,283	$9,354
ANNUAL	$29,868	$57,819	$81,421	$70,044	$54,242	$67,183	$75,391	$112,245
EMERGENCY SAVINGS (Monthly Contribution)	$54	$110	$189	$149	$113	$65	$77	$106

Table 19
The Self-Sufficiency Standard for King County (South), WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$1,119	$1,377	$1,377	$1,377	$1,377	$1,377	$1,377	$2,028
Child Care	$0	$1,093	$2,400	$1,733	$640	$1,307	$1,733	$3,040
Food	$281	$426	$559	$642	$742	$680	$880	$974
Transportation	$117	$117	$117	$117	$117	$234	$234	$234
Health Care	$113	$395	$407	$413	$442	$454	$469	$482
Miscellaneous	$163	$341	$486	$428	$332	$405	$469	$676
Taxes	$332	$756	$1,191	$945	$638	$826	$938	$1,540
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	$0	($50)	($100)	($100)	($50)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$12.07	$24.83	$35.62	$30.62	$23.13	$14.63 per adult	$16.57 per adult	$24.50 per adult
MONTHLY	$2,124	$4,370	$6,270	$5,388	$4,072	$5,150	$5,834	$8,625
ANNUAL	$25,493	$52,436	$75,238	$64,661	$48,858	$61,800	$70,007	$103,499
EMERGENCY SAVINGS (Monthly Contribution)	$48	$102	$167	$131	$105	$61	$73	$102

Workforce Development Area 6: Tacoma-Pierce

Table 20
The Self-Sufficiency Standard for Pierce County (West County Cities), WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$845	$1,101	$1,101	$1,101	$1,101	$1,101	$1,101	$1,623
Child Care	$0	$765	$1,630	$1,305	$539	$864	$1,305	$2,169
Food	$255	$387	$507	$583	$674	$618	$799	$884
Transportation	$289	$298	$298	$298	$298	$571	$571	$571
Health Care	$116	$413	$426	$431	$460	$472	$488	$500
Miscellaneous	$151	$296	$396	$372	$307	$363	$426	$575
Taxes	$290	$607	$838	$756	$555	$684	$794	$1,201
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	$0	($50)	($100)	($100)	($50)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$11.06	$21.21	$28.00	$26.02	$21.13	$12.90 per adult	$14.82 per adult	$20.38 per adult
MONTHLY	$1,947	$3,734	$4,929	$4,579	$3,719	$4,540	$5,217	$7,174
ANNUAL	$23,360	$44,806	$59,143	$54,946	$44,622	$54,474	$62,607	$86,091
EMERGENCY SAVINGS (Monthly Contribution)	$45	$91	$123	$117	$99	$56	$68	$89

Table 21
The Self-Sufficiency Standard for Pierce County (Excluding West County Cities), WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$833	$1,085	$1,085	$1,085	$1,085	$1,085	$1,085	$1,599
Child Care	$0	$765	$1,630	$1,305	$539	$864	$1,305	$2,169
Food	$255	$387	$507	$583	$674	$618	$799	$884
Transportation	$267	$275	$275	$275	$275	$526	$526	$526
Health Care	$116	$413	$426	$431	$460	$472	$488	$500
Miscellaneous	$147	$292	$392	$368	$303	$357	$420	$568
Taxes	$279	$594	$825	$743	$542	$663	$773	$1,178
Earned Income Tax Credit (-)	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	$0	($50)	($100)	($100)	($50)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$10.77	$20.90	$27.69	$25.70	$20.81	$12.65 per adult	$14.57 per adult	$20.10 per adult
MONTHLY	$1,896	$3,678	$4,873	$4,523	$3,663	$4,451	$5,129	$7,075
ANNUAL	$22,754	$44,135	$58,472	$54,275	$43,951	$53,414	$61,547	$84,897
EMERGENCY SAVINGS (Monthly Contribution)	$44	$90	$122	$116	$98	$55	$67	$88

Workforce Development Area 7: Southwest

Table 22
The Self-Sufficiency Standard for Clark County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$796	$947	$947	$947	$947	$947	$947	$1,396
Child Care	$0	$823	$1,788	$1,409	$586	$966	$1,409	$2,375
Food	$246	$374	$490	$563	$651	$597	$773	$855
Transportation	$284	$292	$292	$292	$292	$557	$557	$557
Health Care	$115	$408	$421	$427	$456	$467	$483	$495
Miscellaneous	$144	$284	$394	$364	$293	$353	$417	$568
Taxes	$267	$563	$825	$725	$493	$648	$756	$1,171
Earned Income Tax Credit (-)	$0	$0	$0	$0	($39)	$0	$0	$0
Child Care Tax Credit (-)	$0	($53)	($100)	($100)	($53)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$10.52	$20.20	$27.79	$25.34	$19.66	$12.50 per adult	$14.42 per adult	$20.07 per adult
MONTHLY	$1,852	$3,555	$4,891	$4,460	$3,460	$4,402	$5,075	$7,066
ANNUAL	$22,223	$42,657	$58,689	$53,525	$41,522	$52,820	$60,901	$84,790
EMERGENCY SAVINGS (Monthly Contribution)	$43	$88	$122	$115	$97	$55	$66	$88

Table 23
The Self-Sufficiency Standard for Cowlitz County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$599	$737	$737	$737	$737	$737	$737	$1,086
Child Care	$0	$620	$1,303	$1,183	$563	$683	$1,183	$1,866
Food	$250	$379	$498	$572	$662	$607	$785	$868
Transportation	$250	$259	$259	$259	$259	$493	$493	$493
Health Care	$116	$413	$426	$431	$460	$472	$488	$500
Miscellaneous	$122	$241	$322	$318	$268	$299	$369	$481
Taxes	$196	$396	$585	$571	$374	$472	$594	$881
Earned Income Tax Credit (-)	$0	($59)	$0	$0	($147)	($6)	$0	$0
Child Care Tax Credit (-)	$0	($63)	($100)	($100)	($60)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.71	$16.13	$21.94	$21.62	$16.76	$10.29 per adult	$12.45 per adult	$16.55 per adult
MONTHLY	$1,533	$2,840	$3,862	$3,805	$2,949	$3,624	$4,381	$5,826
ANNUAL	$18,394	$34,075	$46,348	$45,662	$35,393	$43,482	$52,573	$69,909
EMERGENCY SAVINGS (Monthly Contribution)	$37	$79	$104	$103	$95	$48	$60	$77

Table 24
The Self-Sufficiency Standard for Wahkiakum County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$475	$643	$643	$643	$643	$643	$643	$801
Child Care	$0	$547	$1,182	$1,046	$499	$635	$1,046	$1,681
Food	$249	$378	$496	$570	$659	$604	$781	$865
Transportation	$253	$261	$261	$261	$261	$498	$498	$498
Health Care	$116	$413	$426	$431	$460	$472	$488	$500
Miscellaneous	$109	$224	$301	$295	$252	$285	$346	$434
Taxes	$165	$324	$502	$474	$311	$414	$500	$722
Earned Income Tax Credit (-)	$0	($109)	($29)	($54)	($212)	($47)	($17)	$0
Child Care Tax Credit (-)	$0	($68)	($105)	($110)	($65)	($55)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$7.77	$14.38	$19.94	$19.26	$15.01	$9.56 per adult	$11.41 per adult	$14.63 per adult
MONTHLY	$1,367	$2,530	$3,510	$3,389	$2,642	$3,365	$4,018	$5,151
ANNUAL	$16,409	$30,364	$42,118	$40,669	$31,703	$40,381	$48,214	$61,815
EMERGENCY SAVINGS (Monthly Contribution)	$34	$77	$100	$100	$93	$47	$58	$71

Workforce Development Area 8: North Central

Table 25
The Self-Sufficiency Standard for Adams County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$542	$643	$643	$643	$643	$643	$643	$898
Child Care	$0	$572	$1,201	$943	$371	$629	$943	$1,572
Food	$247	$375	$492	$565	$653	$599	$775	$857
Transportation	$245	$254	$254	$254	$254	$483	$483	$483
Health Care	$114	$402	$415	$421	$450	$461	$477	$490
Miscellaneous	$115	$225	$300	$282	$237	$282	$332	$430
Taxes	$179	$326	$501	$416	$264	$403	$457	$708
Earned Income Tax Credit (-)	$0	($107)	($30)	($108)	($268)	($57)	($68)	$0
Child Care Tax Credit (-)	$0	($68)	($105)	($115)	($63)	($55)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.19	$14.42	$19.91	$17.80	$13.49	$9.39 per adult	$10.72 per adult	$14.46 per adult
MONTHLY	$1,442	$2,537	$3,505	$3,133	$2,374	$3,305	$3,775	$5,088
ANNUAL	$17,308	$30,449	$42,055	$37,601	$28,483	$39,658	$45,295	$61,061
EMERGENCY SAVINGS (Monthly Contribution)	$35	$77	$100	$99	$91	$47	$57	$71

Table 26
The Self-Sufficiency Standard for Chelan County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$560	$758	$758	$758	$758	$758	$758	$954
Child Care	$0	$613	$1,238	$1,032	$419	$625	$1,032	$1,657
Food	$281	$426	$559	$643	$744	$681	$882	$976
Transportation	$246	$255	$255	$255	$255	$485	$485	$485
Health Care	$114	$402	$415	$421	$450	$461	$477	$490
Miscellaneous	$120	$245	$322	$311	$263	$301	$363	$456
Taxes	$193	$417	$586	$548	$348	$475	$578	$798
Earned Income Tax Credit (-)	$0	($45)	$0	$0	($171)	($2)	$0	$0
Child Care Tax Credit (-)	$0	($60)	($100)	($100)	($63)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.61	$16.64	$21.97	$21.03	$16.12	$10.37 per adult	$12.24 per adult	$15.53 per adult
MONTHLY	$1,515	$2,928	$3,867	$3,701	$2,836	$3,652	$4,309	$5,466
ANNUAL	$18,175	$35,140	$46,404	$44,406	$34,036	$43,821	$51,705	$65,587
EMERGENCY SAVINGS (Monthly Contribution)	$37	$80	$104	$102	$95	$48	$60	$74

Table 27
The Self-Sufficiency Standard for Douglas County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$568	$769	$769	$769	$769	$769	$769	$968
Child Care	$0	$585	$1,191	$1,003	$417	$606	$1,003	$1,608
Food	$235	$357	$468	$538	$623	$571	$738	$817
Transportation	$247	$255	$255	$255	$255	$486	$486	$486
Health Care	$114	$402	$415	$421	$450	$461	$477	$490
Miscellaneous	$116	$237	$310	$299	$251	$289	$347	$437
Taxes	$184	$380	$545	$495	$310	$429	$509	$734
Earned Income Tax Credit (-)	$0	($70)	$0	($37)	($214)	($35)	($10)	$0
Child Care Tax Credit (-)	$0	($63)	($100)	($105)	($65)	($53)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	$(83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.32	$15.74	$20.94	$19.72	$14.94	$9.77 per adult	$11.51 per adult	$14.74 per adult
MONTHLY	$1,465	$2,770	$3,686	$3,471	$2,630	$3,440	$4,053	$5,190
ANNUAL	$17,578	$33,240	$44,235	$41,646	$31,561	$41,277	$48,639	$62,277
EMERGENCY SAVINGS (Monthly Contribution)	$36	$79	$101	$100	$93	$47	$58	$72

Table 28
The Self-Sufficiency Standard for Grant County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$513	$679	$724	$679	$679	$679	$679	$918
Child Care	$0	$597	$1344	$930	$333	$625	$930	$1,555
Food	$258	$392	$522	$591	$683	$626	$810	$896
Transportation	$247	$255	$260	$255	$255	$487	$487	$487
Health Care	$114	$402	$426	$421	$450	$461	$477	$490
Miscellaneous	$113	$233	$328	$288	$240	$288	$338	$435
Taxes	$175	$360	$602	$439	$271	$423	$478	$724
Earned Income Tax Credit (-)	$0	($84)	$0	($87)	($258)	($40)	($44)	$0
Child Care Tax Credit (-)	$0	($65)	($100)	($115)	($67)	($55)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.07	$15.26	$20.83	$18.38	$13.75	$9.69 per adult	$11.04 per adult	$14.65 per adult
MONTHLY	$1,421	$2,686	$3,666	$3,234	$2,420	$3,411	$3,888	$5,155
ANNUAL	$17,053	$32,229	$43,995	$38,810	$29,037	$40,926	$46,653	$61,861
EMERGENCY SAVINGS (Monthly Contribution)	$35	$78	$101	$100	$92	$47	$57	$71

Table 29
The Self-Sufficiency Standard for Okanogan County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$535	$667	$667	$667	$667	$667	$667	$848
Child Care	$0	$504	$1,079	$832	$327	$575	$832	$1,407
Food	$246	$373	$489	$562	$650	$596	$771	$853
Transportation	$250	$258	$258	$258	$258	$492	$492	$492
Health Care	$114	$402	$415	$421	$450	$461	$477	$490
Miscellaneous	$114	$220	$291	$274	$235	$279	$324	$409
Taxes	$178	$312	$457	$376	$260	$397	$432	$640
Earned Income Tax Credit (-)	$0	($119)	($71)	($145)	($274)	($63)	($99)	$0
Child Care Tax Credit (-)	$0	($68)	($110)	($120)	($60)	($55)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.17	$14.02	$18.80	$16.81	$13.33	$9.28 per adult	$10.31 per adult	$13.60 per adult
MONTHLY	$1,438	$2,467	$3,309	$2,958	$2,347	$3,266	$3,628	$4,788
ANNUAL	$17,253	$29,606	$39,708	$35,497	$28,162	$39,188	$43,538	$57,461
EMERGENCY SAVINGS (Monthly Contribution)	$35	$77	$100	$99	$91	$46	$56	$68

Workforce Development Area 9: South Central

Table 30
The Self-Sufficiency Standard for Kittitas County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$605	$818	$818	$818	$818	$818	$818	$1,205
Child Care	$0	$622	$1,308	$1,110	$487	$686	$1,110	$1,796
Food	$299	$453	$594	$683	$790	$724	$937	$1,037
Transportation	$246	$254	$254	$254	$254	$485	$485	$485
Health Care	$114	$402	$415	$421	$450	$461	$477	$490
Miscellaneous	$126	$255	$339	$329	$280	$317	$383	$501
Taxes	$208	$457	$641	$606	$428	$527	$640	$946
Earned Income Tax Credit (-)	$0	($17)	$0	$0	($97)	$0	$0	$0
Child Care Tax Credit (-)	$0	($58)	($100)	($100)	($58)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$9.08	$17.64	$23.31	$22.46	$18.11	$11.04 per adult	$13.02 per adult	$17.36 per adult
MONTHLY	$1,598	$3,105	$4,103	$3,953	$3,187	$3,885	$4,583	$6,109
ANNUAL	$19,178	$37,254	$49,241	$47,442	$38,244	$46,625	$54,991	$73,313
EMERGENCY SAVINGS (Monthly Contribution)	$38	$81	$109	$106	$96	$50	$62	$80

Table 31
The Self-Sufficiency Standard for Klickitat County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$574	$680	$680	$680	$680	$680	$680	$851
Child Care	$0	$584	$1,250	$1,151	$567	$667	$1,151	$1,817
Food	$254	$385	$505	$580	$671	$615	$796	$880
Transportation	$248	$256	$256	$256	$256	$488	$488	$488
Health Care	$115	$408	$421	$427	$456	$467	$483	$495
Miscellaneous	$119	$231	$311	$309	$263	$292	$360	$453
Taxes	$188	$352	$544	$538	$346	$432	$560	$781
Earned Income Tax Credit (-)	$0	($88)	$0	$0	($170)	($30)	$0	$0
Child Care Tax Credit (-)	$0	($65)	($100)	($100)	($63)	($53)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.51	$15.11	$21.03	$20.87	$16.13	$9.87 per adult	$12.07 per adult	$15.39 per adult
MONTHLY	$1,498	$2,660	$3,700	$3,674	$2,839	$3,474	$4,250	$5,416
ANNUAL	$17,975	$31,915	$44,405	$44,088	$34,073	$41,691	$50,998	$64,997
EMERGENCY SAVINGS (Monthly Contribution)	$36	$78	$102	$101	$95	$48	$57	$74

Table 32
The Self-Sufficiency Standard for Skamania County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$571	$680	$680	$680	$680	$680	$680	$1,002
Child Care	$0	$570	$1,258	$1,001	$431	$688	$1,001	$1,689
Food	$252	$383	$502	$577	$667	$612	$791	$876
Transportation	$275	$284	$284	$284	$284	$540	$540	$540
Health Care	$115	$408	$421	$427	$456	$467	$483	$495
Miscellaneous	$121	$232	$314	$297	$252	$299	$349	$460
Taxes	$195	$359	$558	$478	$310	$471	$507	$808
Earned Income Tax Credit (-)	$0	($84)	$0	($47)	($213)	($7)	($4)	$0
Child Care Tax Credit (-)	$0	($65)	($100)	($105)	($65)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.70	$15.25	$21.31	$19.45	$14.96	$10.27 per adult	$11.59 per adult	$15.68 per adult
MONTHLY	$1,530	$2,684	$3,751	$3,424	$2,634	$3,615	$4,081	$5,520
ANNUAL	$18,366	$32,210	$45,007	$41,085	$31,606	$43,382	$48,973	$66,246
EMERGENCY SAVINGS (Monthly Contribution)	$37	$78	$102	$100	$93	$48	$57	$74

Table 33
The Self-Sufficiency Standard for Yakima County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$597	$769	$769	$769	$769	$769	$769	$1,027
Child Care	$0	$568	$1,235	$932	$364	$667	$932	$1,599
Food	$242	$367	$482	$554	$640	$587	$759	$840
Transportation	$252	$261	$261	$261	$261	$497	$497	$497
Health Care	$114	$402	$415	$421	$450	$461	$477	$490
Miscellaneous	$121	$237	$316	$294	$248	$298	$343	$445
Taxes	$193	$379	$564	$469	$299	$471	$495	$760
Earned Income Tax Credit (-)	$0	($71)	$0	($60)	($227)	($9)	($25)	$0
Child Care Tax Credit (-)	$0	($63)	($100)	($110)	($68)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.63	$15.71	$21.45	$19.10	$14.60	$10.25 per adult	$11.31 per adult	$15.08 per adult
MONTHLY	$1,519	$2,766	$3,775	$3,362	$2,570	$3,609	$3,981	$5,309
ANNUAL	$18,233	$33,187	$45,303	$40,340	$30,840	$43,304	$47,776	$63,703
EMERGENCY SAVINGS (Monthly Contribution)	$37	$79	$103	$100	$93	$48	$58	$73

Workforce Development Area 10: Eastern

Table 34
The Self-Sufficiency Standard for Asotin County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$538	$695	$695	$695	$695	$695	$695	$899
Child Care	$0	$517	$1,198	$806	$289	$681	$806	$1,487
Food	$233	$354	$464	$533	$617	$565	$731	$809
Transportation	$249	$257	$257	$257	$257	$490	$490	$490
Health Care	$114	$402	$415	$421	$450	$461	$477	$490
Miscellaneous	$113	$222	$303	$271	$231	$289	$320	$417
Taxes	$175	$317	$532	$362	$246	$427	$415	$666
Earned Income Tax Credit (-)	$0	($113)	($13)	($157)	($289)	($36)	($116)	$0
Child Care Tax Credit (-)	$0	($68)	($100)	($119)	($53)	($53)	($105)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.08	$14.20	$20.36	$16.48	$12.93	$9.76 per adult	$10.07 per adult	$13.94 per adult
MONTHLY	$1,423	$2,499	$3,584	$2,901	$2,275	$3,437	$3,546	$4,908
ANNUAL	$17,073	$29,993	$43,010	$34,815	$27,304	$41,240	$42,549	$58,895
EMERGENCY SAVINGS (Monthly Contribution)	$35	$77	$99	$99	$90	$47	$56	$69

Table 35
The Self-Sufficiency Standard for Columbia County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$484	$655	$655	$655	$655	$655	$655	$940
Child Care	$0	$589	$1,177	$1,127	$538	$589	$1,127	$1,716
Food	$244	$370	$485	$557	$644	$591	$764	$846
Transportation	$246	$255	$255	$255	$255	$486	$486	$486
Health Care	$114	$402	$415	$421	$450	$461	$477	$490
Miscellaneous	$109	$227	$299	$301	$254	$278	$351	$448
Taxes	$165	$335	$495	$507	$319	$393	$535	$769
Earned Income Tax Credit (-)	$0	($100)	($37)	($25)	($203)	($67)	$0	$0
Child Care Tax Credit (-)	$0	($65)	($105)	($105)	($65)	($58)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$7.74	$14.68	$19.73	$20.04	$15.23	$9.22 per adult	$11.73 per adult	$15.18 per adult
MONTHLY	$1,362	$2,584	$3,472	$3,527	$2,681	$3,245	$4,129	$5,343
ANNUAL	$16,344	$31,004	$41,667	$42,323	$32,174	$38,946	$49,543	$64,120
EMERGENCY SAVINGS (Monthly Contribution)	$34	$78	$100	$100	$94	$46	$56	$73

Table 36
The Self-Sufficiency Standard for Ferry County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$542	$643	$643	$643	$643	$643	$643	$947
Child Care	$0	$591	$1,241	$1,181	$591	$651	$1,181	$1,832
Food	$253	$383	$503	$578	$669	$613	$793	$877
Transportation	$250	$258	$258	$258	$258	$493	$493	$493
Health Care	$113	$392	$405	$410	$439	$451	$467	$479
Miscellaneous	$116	$227	$305	$307	$260	$285	$358	$463
Taxes	$181	$335	$533	$534	$337	$413	$556	$817
Earned Income Tax Credit (-)	$0	($101)	($7)	$0	($181)	($48)	$0	$0
Child Care Tax Credit (-)	$0	($68)	($100)	($100)	($63)	($55)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.26	$14.64	$20.54	$20.71	$15.84	$9.55 per adult	$12.00 per adult	$15.79 per adult
MONTHLY	$1,454	$2,577	$3,615	$3,645	$2,787	$3,362	$4,223	$5,558
ANNUAL	$17,448	$30,919	$43,382	$43,738	$33,448	$40,345	$50,680	$66,697
EMERGENCY SAVINGS (Monthly Contribution)	$35	$78	$100	$101	$94	$47	$56	$75

Table 37
The Self-Sufficiency Standard for Garfield County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$542	$643	$643	$643	$643	$643	$643	$801
Child Care	$0	$489	$978	$978	$489	$489	$978	$1,467
Food	$247	$374	$491	$564	$653	$598	$774	$856
Transportation	$250	$258	$258	$258	$258	$492	$492	$492
Health Care	$114	$402	$415	$421	$450	$461	$477	$490
Miscellaneous	$115	$217	$278	$286	$249	$268	$336	$411
Taxes	$180	$298	$395	$433	$301	$361	$470	$643
Earned Income Tax Credit (-)	$0	($130)	($127)	($92)	($223)	($94)	($52)	$0
Child Care Tax Credit (-)	$0	($70)	($120)	($115)	($65)	($60)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.23	$13.63	$17.30	$18.23	$14.71	$8.74 per adult	$10.94 per adult	$13.66 per adult
MONTHLY	$1,448	$2,398	$3,045	$3,209	$2,588	$3,076	$3,852	$4,809
ANNUAL	$17,374	$28,778	$36,538	$38,509	$31,060	$36,915	$46,222	$57,710
EMERGENCY SAVINGS (Monthly Contribution)	$35	$76	$99	$100	$93	$46	$57	$68

Table 38
The Self-Sufficiency Standard for Lincoln County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$475	$643	$643	$643	$643	$643	$643	$801
Child Care	$0	$511	$1,107	$780	$269	$596	$780	$1,376
Food	$246	$373	$490	$563	$651	$597	$772	$855
Transportation	$249	$258	$258	$258	$258	$491	$491	$491
Health Care	$113	$392	$405	$410	$439	$451	$467	$479
Miscellaneous	$108	$218	$290	$265	$226	$278	$315	$400
Taxes	$163	$301	$452	$346	$232	$391	$401	$609
Earned Income Tax Credit (-)	$0	($127)	($74)	($175)	($304)	($68)	($134)	$0
Child Care Tax Credit (-)	$0	($70)	($110)	($107)	($46)	($58)	($105)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$7.69	$13.73	$18.71	$16.01	$12.51	$9.20 per adult	$9.84 per adult	$13.24 per adult
MONTHLY	$1,354	$2,416	$3,293	$2,817	$2,202	$3,237	$3,464	$4,661
ANNUAL	$16,247	$28,991	$39,518	$33,805	$26,423	$38,844	$41,563	$55,928
EMERGENCY SAVINGS (Monthly Contribution)	$33	$76	$100	$97	$89	$46	$56	$67

Table 39
The Self-Sufficiency Standard for Pend Oreille County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$506	$685	$685	$685	$685	$685	$685	$901
Child Care	$0	$414	$914	$804	$390	$500	$804	$1,305
Food	$245	$372	$488	$561	$649	$595	$769	$851
Transportation	$253	$262	$262	$262	$262	$499	$499	$499
Health Care	$113	$392	$405	$410	$439	$451	$467	$479
Miscellaneous	$112	$212	$275	$272	$242	$273	$322	$404
Taxes	$171	$286	$381	$367	$278	$376	$419	$620
Earned Income Tax Credit (-)	$0	($141)	($140)	($153)	($249)	($81)	($107)	$0
Child Care Tax Credit (-)	$0	($70)	($120)	($120)	($68)	($58)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$7.95	$13.23	$16.95	$16.60	$13.99	$8.97 per adult	$10.20 per adult	$13.38 per adult
MONTHLY	$1,400	$2,329	$2,984	$2,922	$2,462	$3,157	$3,592	$4,708
ANNUAL	$16,798	$27,945	$35,805	$35,062	$29,547	$37,887	$43,105	$56,499
EMERGENCY SAVINGS (Monthly Contribution)	$34	$76	$99	$99	$92	$46	$56	$67

Table 40
The Self-Sufficiency Standard for Stevens County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$493	$667	$667	$667	$667	$667	$667	$932
Child Care	$0	$709	$1,472	$1,232	$523	$762	$1,232	$1,994
Food	$250	$380	$499	$573	$663	$607	$786	$870
Transportation	$249	$257	$257	$257	$257	$491	$491	$491
Health Care	$113	$392	$405	$410	$439	$451	$467	$479
Miscellaneous	$111	$241	$330	$314	$255	$298	$364	$477
Taxes	$168	$394	$609	$556	$320	$469	$577	$862
Earned Income Tax Credit (-)	$0	($60)	$0	$0	($201)	($9)	$0	$0
Child Care Tax Credit (-)	$0	($63)	($100)	($100)	($65)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$7.86	$16.10	$22.56	$21.27	$15.29	$10.23 per adult	$12.26 per adult	$16.35 per adult
MONTHLY	$1,384	$2,834	$3,971	$3,743	$2,691	$3,603	$4,317	$5,754
ANNUAL	$16,604	$34,009	$47,652	$44,912	$32,291	$43,232	$51,805	$69,053
EMERGENCY SAVINGS (Monthly Contribution)	$34	$79	$106	$102	$94	$48	$60	$76

Table 41
The Self-Sufficiency Standard for Walla Walla County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$540	$731	$731	$731	$731	$731	$731	$966
Child Care	$0	$811	$1,627	$1,449	$638	$815	$1,449	$2,265
Food	$275	$418	$548	$630	$729	$668	$864	$956
Transportation	$246	$255	$255	$255	$255	$486	$486	$486
Health Care	$114	$402	$415	$421	$450	$461	$477	$490
Miscellaneous	$118	$262	$358	$349	$280	$316	$401	$516
Taxes	$187	$487	$707	$677	$433	$526	$705	$1,002
Earned Income Tax Credit (-)	$0	$0	$0	$0	($95)	$0	$0	$0
Child Care Tax Credit (-)	$0	($58)	($100)	($100)	($58)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.42	$18.33	$24.85	$24.12	$18.17	$10.99 per adult	$13.77 per adult	$17.98 per adult
MONTHLY	$1,481	$3,226	$4,373	$4,244	$3,197	$3,870	$4,846	$6,331
ANNUAL	$17,776	$38,708	$52,479	$50,933	$38,366	$46,440	$58,157	$75,968
EMERGENCY SAVINGS (Monthly Contribution)	$36	$82	$113	$111	$96	$50	$64	$82

Table 42
The Self-Sufficiency Standard for Whitman County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$562	$736	$736	$736	$736	$736	$736	$1,085
Child Care	$0	$780	$1,643	$1,268	$489	$863	$1,268	$2,132
Food	$285	$432	$567	$652	$754	$691	$894	$989
Transportation	$246	$254	$254	$254	$254	$484	$484	$484
Health Care	$114	$402	$415	$421	$450	$461	$477	$490
Miscellaneous	$121	$260	$362	$333	$268	$324	$386	$518
Taxes	$193	$479	$715	$620	$374	$546	$651	$1,001
Earned Income Tax Credit (-)	$0	($1)	$0	$0	($146)	$0	$0	$0
Child Care Tax Credit (-)	$0	($58)	($100)	($100)	($60)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.64	$18.19	$25.14	$22.83	$16.77	$11.29 per adult	$13.15 per adult	$18.04 per adult
MONTHLY	$1,521	$3,202	$4,425	$4,017	$2,951	$3,973	$4,629	$6,349
ANNUAL	$18,255	$38,420	$53,098	$48,209	$35,417	$47,672	$55,552	$76,184
EMERGENCY SAVINGS (Monthly Contribution)	$37	$82	$114	$107	$95	$51	$62	$82

Workforce Development Area 11: Benton-Franklin

Table 43
The Self-Sufficiency Standard for Benton County (Kennewick/Richland), WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$695	$889	$889	$889	$889	$889	$889	$1,188
Child Care	$0	$672	$1,496	$1,201	$529	$824	$1,201	$2,025
Food	$239	$363	$476	$547	$633	$580	$750	$830
Transportation	$251	$259	$259	$259	$259	$494	$494	$494
Health Care	$114	$402	$415	$421	$450	$461	$477	$490
Miscellaneous	$130	$258	$353	$332	$276	$325	$381	$503
Taxes	$219	$473	$690	$617	$411	$552	$637	$953
Earned Income Tax Credit (-)	$0	($7)	$0	$0	($113)	$0	$0	$0
Child Care Tax Credit (-)	$0	($58)	($100)	($100)	($58)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$9.37	$18.00	$24.49	$22.72	$17.67	$11.34 per adult	$12.96 per adult	$17.42 per adult
MONTHLY	$1,648	$3,168	$4,311	$3,999	$3,110	$3,992	$4,562	$6,132
ANNUAL	$19,779	$38,014	$51,731	$47,983	$37,315	$47,902	$54,747	$73,587
EMERGENCY SAVINGS (Monthly Contribution)	$39	$82	$112	$107	$96	$51	$62	$80

Table 44
The Self-Sufficiency Standard for Benton County (Excluding Kennewick/Richland), WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$629	$804	$804	$804	$804	$804	$804	$1,075
Child Care	$0	$672	$1,496	$1,201	$529	$824	$1,201	$2,025
Food	$239	$363	$476	$547	$633	$580	$750	$830
Transportation	$246	$255	$255	$255	$255	$485	$485	$485
Health Care	$114	$402	$415	$421	$450	$461	$477	$490
Miscellaneous	$123	$250	$345	$323	$267	$315	$372	$490
Taxes	$199	$434	$660	$588	$370	$521	$606	$913
Earned Income Tax Credit (-)	$0	($33)	$0	$0	($151)	$0	$0	$0
Child Care Tax Credit (-)	$0	($60)	($100)	($100)	($60)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.81	$17.06	$23.77	$21.99	$16.65	$10.96 per adult	$12.58 per adult	$16.92 per adult
MONTHLY	$1,550	$3,003	$4,183	$3,871	$2,930	$3,858	$4,428	$5,957
ANNUAL	$18,605	$36,036	$50,200	$46,453	$35,158	$46,292	$53,136	$71,488
EMERGENCY SAVINGS (Monthly Contribution)	$37	$81	$110	$105	$95	$50	$61	$78

Table 45
The Self-Sufficiency Standard for Franklin County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$601	$768	$768	$768	$768	$768	$768	$1,027
Child Care	$0	$655	$1,420	$1,196	$541	$765	$1,196	$1,961
Food	$245	$371	$487	$559	$647	$593	$767	$849
Transportation	$252	$260	$260	$260	$260	$496	$496	$496
Health Care	$114	$402	$415	$421	$450	$461	$477	$490
Miscellaneous	$121	$246	$335	$320	$267	$308	$370	$482
Taxes	$195	$419	$630	$581	$366	$499	$603	$887
Earned Income Tax Credit (-)	$0	($44)	$0	$0	($153)	$0	$0	$0
Child Care Tax Credit (-)	$0	($60)	($100)	($100)	($60)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.68	$16.67	$23.00	$21.82	$16.58	$10.67 per adult	$12.53 per adult	$16.60 per adult
MONTHLY	$1,528	$2,934	$4,048	$3,840	$2,919	$3,757	$4,411	$5,842
ANNUAL	$18,331	$35,210	$48,574	$46,078	$35,023	$45,081	$52,936	$70,098
EMERGENCY SAVINGS (Monthly Contribution)	$37	$80	$108	$104	$95	$47	$61	$77

Workforce Development Area 12: Spokane

Table 46
The Self-Sufficiency Standard for Spokane County, WA 2014

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler School-age	Adult + School-age Teenager	2 Adults + Infant	2 Adults+ Preschooler School-age	2 Adults + Infant Preschooler School-age
Housing	$571	$773	$773	$773	$773	$773	$773	$1,105
Child Care	$0	$692	$1,492	$1,224	$532	$800	$1,224	$2,024
Food	$245	$371	$487	$560	$647	$593	$768	$850
Transportation	$257	$266	$266	$266	$266	$507	$507	$507
Health Care	$113	$392	$405	$410	$439	$451	$467	$479
Miscellaneous	$119	$249	$342	$323	$266	$312	$374	$497
Taxes	$189	$435	$654	$591	$365	$513	$615	$935
Earned Income Tax Credit (-)	$0	($33)	$0	$0	($157)	$0	$0	$0
Child Care Tax Credit (-)	$0	($60)	($100)	($100)	($63)	($50)	($100)	($100)
Child Tax Credit (-)	$0	($83)	($167)	($167)	($167)	($83)	($167)	($250)
SELF-SUFFICIENCY WAGE								
HOURLY	$8.49	$17.06	$23.59	$22.05	$16.49	$10.84 per adult	$12.67 per adult	$17.18 per adult
MONTHLY	$1,494	$3,002	$4,152	$3,881	$2,903	$3,816	$4,461	$6,047
ANNUAL	$17,923	$36,023	$49,825	$46,573	$34,830	$45,796	$53,532	$72,564
EMERGENCY SAVINGS (Monthly Contribution)	$36	$81	$109	$105	$95	$50	$61	$79

Appendix E: Impact of Work Supports on Wage Adequacy

Appendix E. **Impact of Work Supports on Wage Adequacy**
One Adult, One Preschooler, and One School-Age Child
Spokane County, WA 2014

	#1	#2	#4	#3	#5
	Washington 2014 Minimum Wage	Median Wage of Top Washington Occupations			
		Retail Salesperson	Janitors & Cleaners (Except Maids)	Customer Service Representatives	Bookkeeping, Accounting, and Auditing Clerks
HOURLY WAGE:	$9.32	$11.36	$13.42	$16.67	$18.50
TOTAL MONTHLY INCOME:	$1,640	$1,999	$2,362	$2,934	$3,256
PANEL A: NO WORK SUPPORTS					
MONTHLY COSTS:					
Housing	$773	$773	$773	$773	$773
Child Care	$1,224	$1,224	$1,224	$1,224	$1,224
Food	$560	$560	$560	$560	$560
Transportation	$266	$266	$266	$266	$266
Health Care	$410	$410	$410	$410	$410
Miscellaneous	$323	$323	$323	$323	$323
Taxes	$154	$206	$270	$377	$450
Tax Credits (-) *	$0	($25)	($62)	($124)	($173)
TOTAL MONTHLY EXPENSES	$3,710	$3,737	$3,765	$3,809	$3,834
SHORTFALL (-) OR SURPLUS	**($2,070)**	**($1,738)**	**($1,403)**	**($875)**	**($578)**
WAGE ADEQUACY Total Income/Total Expenses	**44%**	**53%**	**63%**	**77%**	**85%**
PANEL B: CHILD CARE ASSISTANCE					
MONTHLY COSTS:					
Housing	$773	$773	$773	$773	$773
Child Care	**$65**	**$65**	**$127**	**$413**	$1,224
Food	$560	$560	$560	$560	$560
Transportation	$266	$266	$266	$266	$266
Health Care	$410	$410	$410	$410	$410
Miscellaneous	$323	$323	$323	$323	$323
Taxes	$154	$206	$270	$377	$450
Tax Credits (-) *	$0	($25)	($62)	($124)	($173)
TOTAL MONTHLY EXPENSES	$2,551	$2,578	$2,668	$2,997	$3,834
SHORTFALL (-) OR SURPLUS	**($910)**	**($579)**	**($306)**	**($63)**	**($578)**
WAGE ADEQUACY Total Income/Total Expenses	**64%**	**78%**	**89%**	**98%**	**85%**
ANNUAL REFUNDABLE TAX CREDITS*:					
Annual Federal EITC	$5,070	$4,162	$3,246	$1,800	$986
Annual Federal CTC	$2,000	$2,000	$2,000	$1,949	$1,249

* The Standard shows refundable and nonrefundable tax credits as if they are received monthly. However, in order to be as realistic as possible, tax credits that are available as a refund on annual taxes are shown at the bottom of this table. EITC is shown only as annual tax credits. The nonrefundable portions of the Child Tax Credit (which is a credit against federal taxes) is shown as available to offset monthly costs, and the refundable portions are shown in the bottom of the table. The Child Care Tax Credit on the other hand is nonrefundable, and therefore is only shown as part of the monthly budget and does not appear in the bottom shaded rows of the table. See the discussion in *Appendix A: Methodology, Assumptions, and Sources* titled *Treatment of Tax Credits in the Modeling Table and Wage Adequacy Figure*.

Table E-1 *Continued.* **Impact of Work Supports on Wage Adequacy**
One Adult, One Preschooler, and One School-Age Child
Spokane County, WA 2014

	#1	#2	#4	#3	#5
	Washington 2014 Minimum Wage	Median Wage of Top Washington Occupations			
		Retail Salesperson	Janitors & Cleaners (Except Maids)	Customer Service Representatives	Bookkeeping, Accounting, and Auditing Clerks
HOURLY WAGE:	$9.32	$11.36	$13.42	$16.67	$18.50
TOTAL MONTHLY INCOME:	$1,640	$1,999	$2,362	$2,934	$3,256
PANEL C: CHILD CARE, FOOD (SNAP/ WIC*), & APPLE HEALTH					
MONTHLY COSTS:					
Housing	$773	$773	$773	$773	$773
Child Care	**$65**	**$65**	**$127**	**$413**	$1,224
Food	**$282**	**$412**	**$505**	**$518**	**$384**
Transportation	$266	$266	$266	$266	$266
Health Care	**$0**	**$0**	**$113**	**$113**	**$113**
Miscellaneous	$323	$323	$323	$323	$323
Taxes	$154	$206	$270	$377	$450
Tax Credits (-) *	$0	($25)	($62)	($124)	($173)
TOTAL MONTHLY EXPENSES	$1,863	$2,020	$2,315	$2,658	$3,360
SHORTFALL (-) OR SURPLUS	**($223)**	**($20)**	**$47**	**$276**	**($104)**
WAGE ADEQUACY Total Income/Total Expenses	**88%**	**99%**	**102%**	**110%**	**97%**
PANEL D: HOUSING, CHILD CARE, FOOD (SNAP/ WIC*), & APPLE HEALTH					
MONTHLY COSTS:					
Housing	**$492**	**$600**	**$709**	$773	$773
Child Care	**$65**	**$65**	**$127**	**$413**	$1,224
Food	**$350**	**$436**	**$505**	**$518**	$384
Transportation	$266	$266	$266	$266	$266
Health Care	**$0**	**$0**	**$113**	**$113**	**$113**
Miscellaneous	$323	$323	$323	$323	$323
Taxes	$154	$206	$270	$377	$450
Tax Credits (-) *	$0	($25)	($62)	($124)	($173)
TOTAL MONTHLY EXPENSES	$1,650	$1,871	$2,250	$2,658	$3,360
SHORTFALL (-) OR SURPLUS	**($9)**	**$128**	**$112**	**$276**	**($104)**
WAGE ADEQUACY Total Income/Total Expenses	**99%**	**107%**	**105%**	**110%**	**97%**
ANNUAL REFUNDABLE TAX CREDITS*:					
Annual Federal EITC	$5,070	$4,162	$3,246	$1,800	$986
Annual Federal CTC	$2,000	$2,000	$2,000	$1,949	$1,249

* The Standard shows refundable and nonrefundable tax credits as if they are received monthly. However, in order to be as realistic as possible, tax credits that are available as a refund on annual taxes are shown at the bottom of this table. EITC is shown only as annual tax credits. The nonrefundable portions of the Child Tax Credit (which is a credit against federal taxes) is shown as available to offset monthly costs, and the refundable portions are shown in the bottom of the table. The Child Care Tax Credit on the other hand is nonrefundable, and therefore is only shown as part of the monthly budget and does not appear in the bottom shaded rows of the table. See the discussion in *Appendix A: Methodology, Assumptions, and Sources* titled *Treatment of Tax Credits in the Modeling Table and Wage Adequacy Figure*.

About the Author

Diana M. Pearce, PhD is on faculty at the School of Social Work, University of Washington in Seattle, Washington, and is Director of the Center for Women's Welfare. Recognized for coining the phrase "the feminization of poverty," Dr. Pearce founded and directed the Women and Poverty Project at Wider Opportunities for Women (WOW). She has written and spoken widely on women's poverty and economic inequality, including testimony before Congress and the President's Working Group on Welfare Reform. While at WOW, Dr. Pearce conceived and developed the methodology for the Self-Sufficiency Standard and first published results in 1996 for Iowa and California. Her areas of expertise include low-wage and part-time employment, unemployment insurance, homelessness, and welfare reform as they impact women. Dr. Pearce has helped found and lead several coalitions, including the Women, Work and Welfare Coalition and the Women and Job Training Coalition. She received her PhD degree in Sociology and Social Work from the University of Michigan.

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