

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UG-15\_\_\_\_\_

EXHIBIT NO. \_\_\_\_ (JSS-3)

JENNIFER S. SMITH

REPRESENTING AVISTA CORPORATION

## AVISTA UTILITIES

## WASHINGTON NATURAL GAS - PRO FORMA STUDY

## CROSS CHECK

TWELVE MONTHS ENDED SEPTEMBER 30, 2014

(000'S OF DOLLARS)

Line No.	DESCRIPTION	WITH PRESENT RATES			WITH PROPOSED RATES	
		Actual Per Results Report	Total Adjustments	Pro Forma Total	Proposed Revenues & Related Exp	Pro Forma Proposed Total
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
REVENUES						
1	Total General Business	\$166,628	\$103	\$166,731	\$12,021	\$178,752
2	Total Transportation	4,112	71	\$4,183		4,183
3	Other Revenues	83,502	(83,225)	\$277		277
4	Total Gas Revenues	254,242	(83,051)	171,191	12,021	183,212
EXPENSES						
Production Expenses						
5	City Gate Purchases	173,262	(85,395)	87,867		87,867
6	Purchased Gas Expense	839	28	867		867
7	Net Nat Gas Storage Trans	(5,990)	5,990	-		-
8	Total Production	168,111	(79,377)	88,734	-	88,734
Underground Storage						
9	Operating Expenses	858	0	858		858
10	Depreciation	392	31	423		423
11	Taxes	216	53	269		269
12	Total Underground Storage	1,466	84	1,550	-	1,550
Distribution						
13	Operating Expenses	10,666	1,326	11,992		11,992
14	Depreciation	8,386	1,188	9,574		9,574
15	Taxes	14,954	(5,077)	9,877	460	10,337
16	Total Distribution	34,006	(2,563)	31,443	460	31,903
17	Customer Accounting	6,550	244	6,794	68	6,862
18	Customer Service & Information	6,427	(5,461)	966		966
19	Sales Expenses	-	1	1		1
Administrative & General						
20	Operating Expenses	11,883	1,839	13,722	24	13,746
21	Depreciation/Amortization	4,316	3,323	7,639		7,639
22	Regulatory Amortizations	11	1,132	1,143		1,143
23	Taxes	-	-	-		-
24	Total Admin. & General	16,210	6,294	22,504	24	22,528
25	Total Gas Expense	232,770	(80,778)	151,992	552	152,544
26	OPERATING INCOME BEFORE FIT	21,472	(2,273)	19,199	11,469	30,668
FEDERAL INCOME TAX						
27	Current Accrual	4,339	(586)	3,753	4,014	7,767
28	Debt Interest	-	(499)	(499)	-	(499)
29	Deferred FIT	2,153	(74)	2,079		2,079
30	Amort ITC	(22)	-	(22)		(22)
31	NET OPERATING INCOME	15,002	(1,115)	13,887	7,455	21,342
RATE BASE: PLANT IN SERVICE						
32	Underground Storage	24,932	1,389	26,321		26,321
33	Distribution Plant	332,439	39,563	372,002		372,002
34	General Plant	58,679	31,763	90,442		90,442
35	Total Plant in Service	416,050	72,715	488,765	-	488,765
ACCUMULATED DEPREC/AMORT						
36	Underground Storage	(9,345)	(923)	(10,268)		(10,268)
37	Distribution Plant	(113,282)	(13,702)	(126,984)		(126,984)
38	General Plant	(16,998)	(8,385)	(25,383)		(25,383)
39	Total Accum. Depreciation/Amort.	(139,625)	(23,010)	(162,635)	-	(162,635)
40	NET PLANT	276,425	49,705	326,130	-	326,130
41	DEFERRED FIT	(55,323)	(15,380)	(70,703)		(70,703)
42	Net Plant After DFIT	221,102	34,325	255,427	-	255,427
43	GAS INVENTORY	12,801	-	12,801		12,801
44	GAIN ON SALE OF BUILDING	-	-	-		-
45	OTHER	(428)	7,915	7,487		7,487
46	WORKING CAPITAL	-	10,371	10,371		10,371
47	TOTAL RATE BASE	233,475	44,696	286,086	0	286,086
48	RATE OF RETURN	6.43%		4.85%		7.46%

**AVISTA UTILITIES  
CALCULATION OF GENERAL REVENUE REQUIREMENT  
WASHINGTON NATURAL GAS  
TWELVE MONTHS ENDED SEPTEMBER 30, 2014  
PRO FORMA CROSS CHECK STUDY**

Line No.	Description	(000's of Dollars)
1	Pro Forma Rate Base	\$ 286,086
2	Proposed Rate of Return	<u>7.46%</u>
3	Net Operating Income Requirement	\$21,342
4	Pro Forma Net Operating Income	<u>\$ 13,887</u>
5	Net Operating Income Deficiency	\$7,455
6	Conversion Factor	0.62014
7	Revenue Requirement - 2016	<b>\$12,021</b>
8	Total General Business Revenues*	\$ 170,914
9	Percentage Revenue Increase	<u><u>7.03%</u></u>

\* Line 8 "Total General Business Revenues" includes special contract transportation revenues.

**AVISTA UTILITIES  
PROPOSED COST OF CAPITAL  
WASHINGTON NATURAL GAS**

Proposed:

<u>Component</u>	<u>Capital Structure</u>	<u>Cost</u>	<u>Weighted Cost</u>
Total Debt	52.0%	5.20%	2.71%
Common Equity	48.0%	9.90%	4.75%
Total	<u>100.00%</u>		<u>7.46%</u>

**AVISTA UTILITIES  
REVENUE CONVERSION FACTOR  
WASHINGTON NATURAL GAS  
TWELVE MONTHS ENDED SEPTEMBER 30, 2014**

<b>Line No.</b>	<b>Description</b>	<b>Factor</b>
1	<b>Revenues</b>	1.000000
	<b>Expense:</b>	
2	Uncollectibles	0.005631
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038303
6	Total Expense	<u>0.045934</u>
7	Net Operating Income Before FIT	0.954066
8	Federal Income Tax @ 35%	0.333923
9	REVENUE CONVERSION FACTOR	0.620140

AVISTA UTILITIES  
WASHINGTON NATURAL GAS - PRO FORMA STUDY  
CROSS CHECK  
TWELVE MONTHS ENDED SEPTEMBER 30, 2014  
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Per Results Report	Deferred FIT Rate Base	Deferred Debits and Credits	Working Capital	Eliminate B & O Taxes	Restate Property Tax	Uncollectible Expense
	Adjustment Number	1.00	1.01	1.02	1.03	2.01	2.02	2.03
	Worksheet Reference	G-ROO	G-DFIT	G-DDC	G-WC	G-EBO	G-RPT	G-UE
REVENUES								
1	Total General Business	\$ 166,628	\$ -	\$ -	\$ -	\$ (6,055)	\$ -	\$ -
2	Total Transportation	4,112	-	-	-	(139)	-	-
3	Other Revenues	83,502	-	-	-	-	-	-
4	Total Gas Revenues	254,242	-	-	-	(6,194)	-	-
EXPENSES								
Production Expenses								
5	City Gate Purchases	173,262	-	-	-	-	-	-
6	Purchased Gas Expense	839	-	-	-	-	-	-
7	Net Nat Gas Storage Trans	(5,990)	-	-	-	-	-	-
8	Total Production	168,111	-	-	-	-	-	-
Underground Storage								
9	Operating Expenses	858	-	-	-	-	-	-
10	Depreciation/Amortization	392	-	-	-	-	-	-
11	Taxes	216	-	-	-	-	7	-
12	Total Underground Storage	1,466	-	-	-	-	7	-
Distribution								
13	Operating Expenses	10,666	-	-	-	-	-	-
14	Depreciation/Amortization	8,386	-	-	-	-	-	-
15	Taxes	14,954	-	-	-	(6,183)	73	-
16	Total Distribution	34,006	-	-	-	(6,183)	73	-
17	Customer Accounting	6,550	-	-	-	-	-	(150)
18	Customer Service & Information	6,427	-	1	-	-	-	-
19	Sales Expenses	-	-	-	-	-	-	-
Administrative & General								
20	Operating Expenses	11,883	-	-	-	-	-	-
21	Depreciation/Amortization	4,316	-	-	-	-	-	-
22	Regulatory Amortizations	11	-	-	-	-	-	-
23	Taxes	-	-	-	-	-	-	-
24	Total Admin. & General	16,210	-	-	-	-	-	-
25	Total Gas Expense	232,770	-	1	-	(6,183)	80	(150)
26	OPERATING INCOME BEFORE FIT	21,472	-	(1)	-	(11)	(80)	150
FEDERAL INCOME TAX								
27	Current Accrual	4,339	-	(0)	-	(4)	(28)	53
28	Debt Interest	-	29	-	(98)	-	-	-
29	Deferred FIT	2,153	-	-	-	-	-	-
30	Amort ITC	(22)	-	-	-	-	-	-
31	NET OPERATING INCOME	\$ 15,002	\$ (29)	\$ (1)	\$ 98	\$ (7)	\$ (52)	\$ 98
RATE BASE								
PLANT IN SERVICE								
32	Underground Storage	\$ 24,932	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Distribution Plant	332,439	-	-	-	-	-	-
34	General Plant	58,679	-	-	-	-	-	-
35	Total Plant in Service	416,050	-	-	-	-	-	-
ACCUMULATED DEPRECIATION/AMORT								
36	Underground Storage	(9,345)	-	-	-	-	-	-
37	Distribution Plant	(113,282)	-	-	-	-	-	-
38	General Plant	(16,998)	-	-	-	-	-	-
39	Total Accumulated Depreciation/Amortization	(139,625)	-	-	-	-	-	-
40	NET PLANT	276,425	-	-	-	-	-	-
41	DEFERRED TAXES	(55,323)	(3,032)	-	-	-	-	-
42	Net Plant After DFIT	221,102	(3,032)	-	-	-	-	-
43	GAS INVENTORY	12,801	-	-	-	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-
45	OTHER	(428)	-	-	-	-	-	-
46	WORKING CAPITAL	-	-	-	10,371	-	-	-
47	TOTAL RATE BASE	\$ 233,475	\$ (3,032)	\$ -	\$ 10,371	\$ -	\$ -	\$ -
48	RATE OF RETURN	6.43%						
50	REVENUE REQUIREMENT	3,895	-318	1	1,089	12	84	-157
	Pro Forma Rate of Return	7.46%						
	Revenue Conversion Factor	0.62014						

AVISTA UTILITIES  
WASHINGTON NATURAL GAS - PRO FORMA STUDY  
CROSS CHECK  
TWELVE MONTHS ENDED SEPTEMBER 30, 2014  
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Regulatory Expense	Injuries and Damages	FIT / DFIT Expense	Office Space Charges to Subs	Restate Excise Taxes	Net Gains/Losses
	Adjstment Number	2.04	2.05	2.06	2.07	2.08	2.09
	Workpaper Reference	G-RE	G-ID	G-FIT	G-OSC	G-RET	G-NGL
	REVENUES						
1	Total General Business	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Total Transportation	-	-	-	-	-	-
3	Other Revenues	-	-	-	-	-	-
4	Total Gas Revenues	-	-	-	-	-	-
	EXPENSES						
	Production Expenses						
5	City Gate Purchases	-	-	-	-	-	-
6	Purchased Gas Expense	-	-	-	-	-	-
7	Net Nat Gas Storage Trans	-	-	-	-	-	-
8	Total Production	-	-	-	-	-	-
	Underground Storage						
9	Operating Expenses	-	-	-	-	-	-
10	Depreciation/Amortization	-	-	-	-	-	-
11	Taxes	-	-	-	-	-	-
12	Total Underground Storage	-	-	-	-	-	-
	Distribution						
13	Operating Expenses	-	-	-	-	-	-
14	Depreciation/Amortization	-	-	-	-	-	(5)
15	Taxes	-	-	-	-	328	-
16	Total Distribution	-	-	-	-	328	(5)
17	Customer Accounting	-	-	-	-	-	-
18	Customer Service & Information	-	-	-	-	-	-
19	Sales Expenses	-	-	-	-	-	-
	Administrative & General						
20	Operating Expenses	32	280	-	(2)	-	-
21	Depreciation/Amortization	-	-	-	-	-	-
22	Regulatory Amortizations	-	-	-	-	-	-
23	Taxes	-	-	-	-	-	-
24	Total Admin. & General	32	280	-	(2)	-	-
25	Total Gas Expense	32	280	-	(2)	328	(5)
26	OPERATING INCOME BEFORE FIT	(32)	(280)	-	2	(328)	5
	FEDERAL INCOME TAX						
27	Current Accrual	(11)	(98)	74	1	(115)	2
28	Debt Interest	-	-	-	-	-	-
29	Deferred FIT	-	-	(74)	-	-	-
30	Amort ITC	-	-	-	-	-	-
31	NET OPERATING INCOME	\$ (21)	\$ (182)	\$ -	\$ 1	\$ (213)	\$ 3
	RATE BASE						
	PLANT IN SERVICE						
32	Underground Storage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Distribution Plant	-	-	-	-	-	-
34	General Plant	-	-	-	-	-	-
35	Total Plant in Service	-	-	-	-	-	-
	ACCUMULATED DEPRECIATION/AMORT						
36	Underground Storage	-	-	-	-	-	-
37	Distribution Plant	-	-	-	-	-	-
38	General Plant	-	-	-	-	-	-
39	Total Accumulated Depreciation/Amortization	-	-	-	-	-	-
40	NET PLANT	-	-	-	-	-	-
41	DEFERRED TAXES	-	-	-	-	-	-
42	Net Plant After DFIT	-	-	-	-	-	-
43	GAS INVENTORY	-	-	-	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-
45	OTHER	-	-	-	-	-	-
46	WORKING CAPITAL	-	-	-	-	-	-
47	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
48	RATE OF RETURN						
50	REVENUE REQUIREMENT	34	293	0	-2	344	-5

Pro Forma Rate of Return  
Revenue Conversion Factor

AVISTA UTILITIES  
WASHINGTON NATURAL GAS - PRO FORMA STUDY  
CROSS CHECK  
TWELVE MONTHS ENDED SEPTEMBER 30, 2014  
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Weather Normalization / Gas Cost Adjust	Eliminate Adder Schedules	Misc Restating Adjustments	Restating Incentive Adjustment	Restate Debt Interest	Restated TOTAL
	Adjustment Number	2.10	2.11	2.12	2.13	2.14	
	Workpaper Reference	G-RNGC	G-EAS	G-MR	G-RI	G-DI	R-Ttl
REVENUES							
1	Total General Business	\$ (2,140)	\$ (6,068)	\$ -	\$ -	\$ -	152,365
2	Total Transportation	-	-	-	-	-	3,973
3	Other Revenues	-	(83,225)	-	-	-	277
4	Total Gas Revenues	(2,140)	(89,293)	-	-	-	156,615
EXPENSES							
Production Expenses							
5	City Gate Purchases	(1,278)	(89,511)	-	-	-	82,473
6	Purchased Gas Expense	-	-	-	-	-	839
7	Net Nat Gas Storage Trans	-	5,990	-	-	-	-
8	Total Production	(1,278)	(83,521)	-	-	-	83,312
Underground Storage							
9	Operating Expenses	-	-	-	-	-	858
10	Depreciation/Amortization	-	-	-	-	-	392
11	Taxes	-	-	-	-	-	223
12	Total Underground Storage	-	-	-	-	-	1,473
Distribution							
13	Operating Expenses	-	-	-	-	-	10,666
14	Depreciation/Amortization	-	-	-	-	-	8,381
15	Taxes	(82)	(232)	-	-	-	8,858
16	Total Distribution	(82)	(232)	-	-	-	27,905
17	Customer Accounting	(12)	(34)	-	-	-	6,354
18	Customer Service & Information	-	(5,494)	(1)	-	-	933
19	Sales Expenses	-	-	-	-	-	-
Administrative & General							
20	Operating Expenses	(4)	(12)	6	(333)	-	11,850
21	Depreciation/Amortization	-	-	-	-	-	4,316
22	Regulatory Amortizations	-	-	-	-	-	11
23	Taxes	-	-	-	-	-	-
24	Total Admin. & General	(4)	(12)	6	(333)	-	16,177
25	Total Gas Expense	(1,376)	(89,293)	5	(333)	-	136,154
26	OPERATING INCOME BEFORE FIT	(764)	-	(5)	333	-	20,461
FEDERAL INCOME TAX							
27	Current Accrual	(267)	-	(2)	117	136	4,195
28	Debt Interest	-	-	-	-	-	(70)
29	Deferred FIT	-	-	-	-	-	2,079
30	Amort ITC	-	-	-	-	-	(22)
31	NET OPERATING INCOME	\$ (497)	\$ -	\$ (3)	\$ 216	\$ (136)	\$ 14,278
RATE BASE							
PLANT IN SERVICE							
32	Underground Storage	\$ -	\$ -	\$ -	\$ -	\$ -	24,932
33	Distribution Plant	-	-	-	-	-	332,439
34	General Plant	-	-	-	-	-	58,679
35	Total Plant in Service	-	-	-	-	-	416,050
ACCUMULATED DEPRECIATION/AMORT							
36	Underground Storage	-	-	-	-	-	(9,345)
37	Distribution Plant	-	-	-	-	-	(113,282)
38	General Plant	-	-	-	-	-	(16,998)
39	Total Accumulated Depreciation/Amortization	-	-	-	-	-	(139,625)
40	NET PLANT	-	-	-	-	-	276,425
41	DEFERRED TAXES	-	-	-	-	-	(58,355)
42	Net Plant After DFIT	-	-	-	-	-	218,070
43	GAS INVENTORY	-	-	-	-	-	12,801
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-
45	OTHER	-	-	-	-	-	(428)
46	WORKING CAPITAL	-	-	-	-	-	10,371
47	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	240,814
48	RATE OF RETURN						(1)
50	REVENUE REQUIREMENT	801	0	5	-349	219	5,944

Pro Forma Rate of Return  
Revenue Conversion Factor

(1) The Restated TOTAL column does not represent 9/30/2014 Test Period results of operation on a normalized basis, due to variances between certain restating adjustments included in the normalized commission basis reports (CBRs) versus those included here, such as inclusion of pro forma debt interest. Normalized CB results of operations at 09/30/2014 was 5.9% as shown on Exhibit No. \_\_\_(EMA-3) page 5.



AVISTA UTILITIES  
WASHINGTON NATURAL GAS - PRO FORMA STUDY  
CROSS CHECK  
TWELVE MONTHS ENDED SEPTEMBER 30, 2014  
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Pro Forma Labor Non-Exec	Pro Forma Labor Exec	Pro Forma Employee Benefits	Pro Forma Insurance	Pro Forma Property Tax	Pro Forma Information Tech/Serv Exp	Pro Forma Revenue Normalization	Planned Capital Add Dec 2014 EOP
	Adjstment Number	3.00	3.01	3.02	3.03	3.04	3.05	3.06	3.07
	Workpaper Reference	G-PLN	G-PLE	G-PEB	G-PI	G-PPT	G-ISIT	G-PREV	G-CAP14
	REVENUES								
1	Total General Business	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	14,366	\$ -
2	Total Transportation	-	-	-	-	-	-	210	-
3	Other Revenues	-	-	-	-	-	-	-	-
4	Total Gas Revenues	-	-	-	-	-	-	14,576	-
	EXPENSES								
	Production Expenses								
5	City Gate Purchases	-	-	-	-	-	-	5,394	-
6	Purchased Gas Expense	27	(23)	25	-	-	-	(1)	-
7	Net Nat Gas Storage Trans	-	-	-	-	-	-	-	-
8	Total Production	27	(23)	25	-	-	-	5,393	-
	Underground Storage								
9	Operating Expenses	0	-	(0)	-	-	-	-	-
10	Depreciation/Amortization	-	-	-	-	-	-	-	14
11	Taxes	-	-	-	-	46	-	-	-
12	Total Underground Storage	0	-	(0)	-	46	-	-	14
	Distribution								
13	Operating Expenses	343	-	318	-	-	-	-	-
14	Depreciation/Amortization	-	-	-	-	-	-	-	399
15	Taxes	-	-	-	-	461	-	558	-
16	Total Distribution	343	-	318	-	461	-	558	399
17	Customer Accounting	186	-	172	-	-	-	82	-
18	Customer Service & Information	17	-	16	-	-	-	-	-
19	Sales Expenses	0	-	1	-	-	-	-	-
	Administrative & General								
20	Operating Expenses	580	73	185	77	-	412	29	-
21	Depreciation/Amortization	-	-	-	-	-	-	-	708
22	Regulatory Amortizations	-	-	-	-	-	-	(11)	-
23	Taxes	-	-	-	-	-	-	-	-
24	Total Admin. & General	580	73	185	77	-	412	18	708
25	Total Gas Expense	1,154	50	717	77	507	412	6,051	1,121
26	OPERATING INCOME BEFORE FIT	(1,154)	(50)	(717)	(77)	(507)	(412)	8,525	(1,121)
	FEDERAL INCOME TAX								
27	Current Accrual	(404)	(17)	(251)	(27)	(177)	(144)	2,984	(392)
28	Debt Interest	-	-	-	-	-	-	-	(28)
29	Deferred FIT	-	-	-	-	-	-	-	-
30	Amort ITC	-	-	-	-	-	-	-	-
31	NET OPERATING INCOME	\$ (750)	\$ (32)	\$ (466)	\$ (50)	\$ (330)	\$ (268)	\$ 5,541	\$ (701)
	RATE BASE								
	PLANT IN SERVICE								
32	Underground Storage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	287
33	Distribution Plant	-	-	-	-	-	-	-	11,785
34	General Plant	-	-	-	-	-	-	-	4,378
35	Total Plant in Service	-	-	-	-	-	-	-	16,450
	ACCUMULATED DEPRECIATION/AMORT								
36	Underground Storage	-	-	-	-	-	-	-	(299)
37	Distribution Plant	-	-	-	-	-	-	-	(4,159)
38	General Plant	-	-	-	-	-	-	-	(1,684)
39	Total Accumulated Depreciation/Amortization	-	-	-	-	-	-	-	(6,142)
40	NET PLANT	-	-	-	-	-	-	-	10,308
41	DEFERRED TAXES	-	-	-	-	-	-	-	(7,348)
42	Net Plant After DFIT	-	-	-	-	-	-	-	2,960
43	GAS INVENTORY	-	-	-	-	-	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-	-
45	OTHER	-	-	-	-	-	-	-	-
46	WORKING CAPITAL	-	-	-	-	-	-	-	-
47	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2,960
48	RATE OF RETURN								
50	REVENUE REQUIREMENT	1,209	52	751	81	531	432	-8,935	1,486

Pro Forma Rate of Return

Revenue Conversion Factor

AVISTA UTILITIES  
 WASHINGTON NATURAL GAS - PRO FORMA STUDY  
 CROSS CHECK  
 TWELVE MONTHS ENDED SEPTEMBER 30, 2014  
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Pro Forma Sub-Total	To Attrition				After Attrition Adjustment
			Planned Capital Add 2015 EOP	Planned Capital Add 2016 AMA	Project Compass Deferral, Regulatory Amortization	O&M Offsets	Pro Forma Atmospheric Testing
		PF-STtl	4.01 G-CAP15	4.02 G-CAP16	4.03 G-PCD	4.04 G-OFF	4.05 G-PFAT
	Adjstment Number		4.01	4.02	4.03	4.04	4.05
	Workpaper Reference	PF-STtl	G-CAP15	G-CAP16	G-PCD	G-OFF	G-PFAT
	REVENUES						
1	Total General Business	\$ 166,731	\$ -	\$ -	\$ -	\$ -	\$ -
2	Total Transportation	4,183	-	-	-	-	-
3	Other Revenues	277	-	-	-	-	-
4	Total Gas Revenues	171,191	-	-	-	-	-
	EXPENSES						
	Production Expenses						
5	City Gate Purchases	87,867	-	-	-	-	-
6	Purchased Gas Expense	867	-	-	-	-	-
7	Net Nat Gas Storage Trans	-	-	-	-	-	-
8	Total Production	88,734	-	-	-	-	-
	Underground Storage						
9	Operating Expenses	858	-	-	-	-	-
10	Depreciation/Amortization	406	12	5	-	-	-
11	Taxes	269	-	-	-	-	-
12	Total Underground Storage	1,533	12	5	-	-	-
	Distribution						
13	Operating Expenses	11,327	-	-	-	(42)	707
14	Depreciation/Amortization	8,780	461	333	-	-	-
15	Taxes	9,877	-	-	-	-	-
16	Total Distribution	29,984	461	333	-	(42)	707
17	Customer Accounting	6,794	-	-	-	-	-
18	Customer Service & Information	966	-	-	-	-	-
19	Sales Expenses	1	-	-	-	-	-
	Administrative & General						
20	Operating Expenses	13,206	-	-	-	(36)	-
21	Depreciation/Amortization	5,024	2,045	570	-	-	-
22	Regulatory Amortizations	-	-	-	1,143	-	-
23	Taxes	-	-	-	-	-	-
24	Total Admin. & General	18,230	2,045	570	1,143	(36)	-
25	Total Gas Expense	146,242	2,518	908	1,143	(78)	707
26	OPERATING INCOME BEFORE FIT	24,949	(2,518)	(908)	(1,143)	78	(707)
	FEDERAL INCOME TAX						
27	Current Accrual	5,766	(881)	(318)	(400)	27	(247)
28	Debt Interest	(98)	(272)	(54)	-	-	-
29	Deferred FIT	2,079	-	-	-	-	-
30	Amort ITC	(22)	-	-	-	-	-
31	NET OPERATING INCOME	\$ 17,224	\$ (1,365)	\$ (536)	\$ (743)	\$ 51	\$ (460)
	RATE BASE						
	PLANT IN SERVICE						
32	Underground Storage	\$ 25,219	\$ 769	\$ 333	\$ -	\$ -	\$ -
33	Distribution Plant	344,224	18,309	9,469	-	-	-
34	General Plant	63,057	22,857	4,528	-	-	-
35	Total Plant in Service	432,500	41,935	14,330	-	-	-
	ACCUMULATED DEPRECIATION/AMORT						
36	Underground Storage	(9,644)	(412)	(212)	-	-	-
37	Distribution Plant	(117,441)	(5,999)	(3,544)	-	-	-
38	General Plant	(18,682)	(3,791)	(2,910)	-	-	-
39	Total Accumulated Depreciation/Amortization	(145,767)	(10,202)	(6,666)	-	-	-
40	NET PLANT	286,733	31,733	7,664	-	-	-
41	DEFERRED TAXES	(65,703)	(3,042)	(1,958)	-	-	-
42	Net Plant After DFIT	221,030	28,691	5,706	-	-	-
43	GAS INVENTORY	12,801	-	-	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-
45	OTHER	(428)	-	-	-	-	-
46	WORKING CAPITAL	10,371	-	-	-	-	-
47	TOTAL RATE BASE	\$ 243,774	\$ 28,691	\$ 5,706	\$ -	\$ -	\$ -
48	RATE OF RETURN						
50	REVENUE REQUIREMENT	1,551	5,652	1,551	1,198	-82	741

Pro Forma Rate of Return  
 Revenue Conversion Factor

AVISTA UTILITIES  
 WASHINGTON NATURAL GAS - PRO FORMA STUDY  
 CROSS CHECK  
 TWELVE MONTHS ENDED SEPTEMBER 30, 2014  
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Pro Forma Cross Check Total	Reconcile Pro Forma To Attrition	Attrition Adjusted / Pro Forma Total (2)
	Adjustment Number	PFCC-Ttl	4.06	AA/PF-Ttl
	Workpaper Reference		G-REC	
	REVENUES			
1	Total General Business	\$ 166,731	\$ -	\$ 166,731
2	Total Transportation	4,183	-	4,183
3	Other Revenues	277	-	277
4	Total Gas Revenues	171,191	-	171,191
	EXPENSES			
	Production Expenses			
5	City Gate Purchases	87,867	-	87,867
6	Purchased Gas Expense	867	-	867
7	Net Nat Gas Storage Trans	-	-	-
8	Total Production	88,734	-	88,734
	Underground Storage			
9	Operating Expenses	858	-	858
10	Depreciation/Amortization	423	-	423
11	Taxes	269	-	269
12	Total Underground Storage	1,550	-	1,550
	Distribution			
13	Operating Expenses	11,992	-	11,992
14	Depreciation/Amortization	9,574	-	9,574
15	Taxes	9,877	-	9,877
16	Total Distribution	31,443	-	31,443
17	Customer Accounting	6,794	-	6,794
18	Customer Service & Information	966	-	966
19	Sales Expenses	1	-	1
	Administrative & General			
20	Operating Expenses	13,170	552	13,722
21	Depreciation/Amortization	7,639	-	7,639
22	Regulatory Amortizations	1,143	-	1,143
23	Taxes	-	-	-
24	Total Admin. & General	21,952	552	22,504
25	Total Gas Expense	151,440	552	151,992
26	OPERATING INCOME BEFORE FIT	19,751	(552)	19,199
	FEDERAL INCOME TAX			
27	Current Accrual	3,947	(193)	3,753
28	Debt Interest	(424)	(75)	(499)
29	Deferred FIT	2,079	-	2,079
30	Amort ITC	(22)	-	(22)
31	NET OPERATING INCOME	\$ 14,171	\$ (284)	\$ 13,887
	RATE BASE			
	PLANT IN SERVICE			
32	Underground Storage	\$ 26,321		\$ 26,321
33	Distribution Plant	372,002		372,002
34	General Plant	90,442		90,442
35	Total Plant in Service	488,765	-	488,765
	ACCUMULATED DEPRECIATION/AMORT			
36	Underground Storage	(10,268)		(10,268)
37	Distribution Plant	(126,984)		(126,984)
38	General Plant	(25,383)		(25,383)
39	Total Accumulated Depreciation/Amortization	(162,635)	-	(162,635)
40	NET PLANT	326,130	-	326,130
41	DEFERRED TAXES	(70,703)		(70,703)
42	Net Plant After DFIT	255,427	-	255,427
43	GAS INVENTORY	12,801	-	12,801
44	GAIN ON SALE OF BUILDING	-		-
45	OTHER	(428)	7,915	7,487
46	WORKING CAPITAL	10,371		10,371
47	TOTAL RATE BASE	\$ 278,171	\$ 7,915	\$ 286,086
48	RATE OF RETURN		\$ 10,016	4.85%
50	REVENUE REQUIREMENT	10,611	1,410	12,021

Pro Forma Rate of Return  
 Revenue Conversion Factor

(2) The Attrition Adjusted Total revenue requirement of \$12.021 million on line 50 developed by the Company's Attrition Study is used for the adjusted results and revenue requirement on an attrition adjusted basis. However, the values shown elsewhere in the Attrition Adjusted Total column, lines 1-47 above, were used for the limited purpose of preparing the cost-of-service study that is presented by Company witness Mr. Miller, because these values more readily lend themselves to Mr. Miller's cost-of-service analysis.