

**Exhibit No. CSH-2
Dockets UE-150204/UG-150205
Witness: Christopher S. Hancock**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**AVISTA CORPORATION dba AVISTA
UTILITIES,**

Respondent.

**DOCKETS UE-150204 and
UG-150205
(Consolidated)**

**EXHIBIT TO
TESTIMONY OF**

Christopher S. Hancock

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Staff Electric Pro Forma Revenue Requirement Model

July 27, 2015

Revised August 24, 2015

Revised October 13, 2015

AVISTA UTILITIES
WASHINGTON ELECTRIC RESULTS - PRO FORMA

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	\$510,473	(\$11,414)	\$499,059	(\$20,935)	\$478,124
2	Interdepartmental Sales	923	-	923	-	923
3	Sales for Resale	95,856	(42,099)	53,757	-	53,757
4	Total Sales of Electricity	607,252	(53,513)	553,739	(20,935)	532,804
5	Other Revenue	76,386	(62,096)	14,290	-	14,290
6	Total Electric Revenue	683,638	(115,609)	568,029	(20,935)	547,094
EXPENSES						
Production and Transmission						
7	Operating Expenses	201,319	(57,218)	144,101	-	144,101
8	Purchased Power	128,389	(52,780)	75,609	-	75,609
9	Depreciation/Amortization	23,738	(365)	23,373	-	23,373
10	Regulatory Amortization	283	4,414	4,697	-	4,697
11	Taxes	13,798	1,952	15,750	-	15,750
12	Total Production & Transmission	367,527	(103,997)	263,530	-	263,530
Distribution						
13	Operating Expenses	20,337	884	21,221	-	21,221
14	Depreciation/Amortization	23,480	527	24,007	-	24,007
15	Taxes	43,233	(16,040)	27,193	(806)	26,387
16	Total Distribution	87,050	(14,629)	72,421	(806)	71,615
17	Customer Accounting	10,571	1,748	12,319	(118)	12,201
18	Customer Service & Information	19,917	(18,429)	1,488	-	1,488
19	Sales Expenses	-	0	0	-	0
Administrative & General						
20	Operating Expenses	43,575	1,893	45,468	(42)	45,426
21	Depreciation/Amortization	16,215	7,315	23,530	-	23,530
22	Taxes	-	-	-	-	-
23	Total Admin. & General	59,790	9,208	68,998	(42)	68,956
24	Total Electric Expenses	544,855	(126,099)	418,756	(966)	417,790
25	OPERATING INCOME BEFORE FIT	138,783	10,490	149,273	(19,969)	129,304
FEDERAL INCOME TAX						
26	Current Accrual	28,537	3,854	32,391	(6,988)	25,403
27	Debt Interest	-	(572)	(572)	-	(572)
28	Deferred Income Taxes	7,383	910	8,293	-	8,293
29	Amortized Investment Tax Credit	(120)	(37)	(157)	-	(157)
30	NET OPERATING INCOME	\$102,983	\$6,335	\$109,318	(\$12,981)	\$96,337
TOTAL						
PLANT IN SERVICE						
31	Intangible	\$100,295	\$56,232	\$156,527	-	\$156,527
32	Production	747,839	20,430	768,269	-	768,269
33	Transmission	370,703	19,510	390,213	-	390,213
34	Distribution	830,629	35,379	866,008	-	866,008
35	General	192,845	7,353	200,198	-	200,198
36	Total Plant in Service	2,242,311	138,904	2,381,215	-	2,381,215
ACCUMULATED DEPRECIATION						
37	Intangible	(19,415)	(4,755)	(24,170)	-	(24,170)
38	Production	(324,667)	(5,504)	(\$330,171)	-	(330,171)
39	Transmission	(124,279)	(705)	(124,984)	-	(124,984)
40	Distribution	(248,229)	(14,588)	(262,817)	-	(262,817)
41	General	(63,732)	(2,207)	(65,939)	-	(65,939)
42	Total Accumulated Depreciation	(780,322)	(27,761)	(808,083)	-	(808,083)
43	NET PLANT BEFORE DFIT	1,461,989	111,143	1,573,132	-	1,573,132
44	DEFERRED TAXES	(238,376)	(63,428)	(301,804)	-	(301,804)
45	NET PLANT AFTER DFIT	1,223,613	47,715	1,271,328	-	1,271,328
46	DEFERRED DEBITS AND CREDITS	11,848	(7,399)	4,449	-	4,449
47	WORKING CAPITAL	25,039	20,703	45,742	-	45,742
48	TOTAL RATE BASE	\$1,260,500	\$61,019	\$1,321,519	\$0	\$1,321,519
49	RATE OF RETURN	8.17%		8.27%		7.29%

**AVISTA UTILITIES
CALCULATION OF GENERAL REVENUE REQUIREMENT
WASHINGTON ELECTRIC
TWELVE MONTHS ENDED SEPTEMBER 30, 2014
STAFF'S PRO FORMA ANALYSIS**

Line No.	Description	(000's of Dollars)
1	Pro Forma Rate Base	1,321,519
2	Settled Rate of Return	<u>7.29%</u>
3	Net Operating Income Requirement	\$96,339
4	Pro Forma Net Operating Income	<u>\$109,318</u>
5	Net Operating Income Deficiency	(\$12,979)
6	Conversion Factor	0.62000
7	Staff Pro Forma Revenue Requirement Increase (Decrease)	(\$20,935)
8	2016 Total General Business Revenues (at 2015 rates)	\$499,982
9	Percentage Revenue Increase/(Decrease), Pro Forma	<u><u>(4.2%)</u></u>
10	Total Pro Forma Revenue Requirement	\$479,047
11	Attrition Allowance	\$14,723 \$14,472
12	Staff Attrition Revenue Requirement	\$493,770 \$493,519
13	Staff Attrition Revenue Requirement Increase/(Decrease)	(\$6,212) (\$6,463)
14	Staff Attrition Percentage Revenue Increase/(Decrease)	<u><u>(1.2%) (1.3%)</u></u>

AVISTA UTILITIES			
Multiparty Settlement - COST OF CAPITAL			
WASHINGTON ELECTRIC			
Proposed Cap Structure			
<u>Component</u>	<u>Capital Structure</u>	<u>Cost</u>	<u>Weighted Cost</u>
Total Debt	51.5%	5.20%	2.68%
Common	48.5%	9.50%	4.61%
Total	<u>100.00%</u>		<u>7.29%</u>

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

<u>Line No.</u>	<u>Description</u>	<u>Factor</u>
1	Revenues	1.000000
	Expense:	
2	Uncollectibles	0.005631
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038516
6	Total Expense	<u>0.046147</u>
7	Net Operating Income Before FIT	0.953853
8	Federal Income Tax @ 35%	<u>0.333849</u>
9	REVENUE CONVERSION FACTOR	<u><u>0.62000</u></u>

AVISTA UTILITIES
 WASHINGTON ELECTRIC RESULTS - PRO FORMA
 TWELVE MONTHS ENDED SEPTEMBER 30, 2014
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Results of Operations	Deferred FIT Rate Base	Deferred Debits and Credits	Working Capital	Eliminate B & O Taxes	Restate Property Tax	Uncollect. Expense
	Adjustment Number	1.00	1.01	1.02	1.03	2.01	2.02	2.03
	Workpaper Reference	E-ROO	E-DFIT	E-DDC	E-WC	E-EBO	E-RPT	E-UE
REVENUES								
1	Total General Business	\$510,473	\$0	\$0	\$0	(\$17,768)	\$0	\$0
2	Interdepartmental Sales	923	-	-	-	-	-	-
3	Sales for Resale	95,856	-	-	-	-	-	-
4	Total Sales of Electricity	607,252	-	-	-	(17,768)	-	-
5	Other Revenue	76,386	-	-	-	(13)	-	-
6	Total Electric Revenue	683,638	-	-	-	(17,781)	-	-
EXPENSES								
Production and Transmission								
7	Operating Expenses	201,319	-	306	-	-	-	-
8	Purchased Power	128,389	-	-	-	-	-	-
9	Depreciation/Amortization	23,738	-	-	-	-	-	-
10	Regulatory Amortization	283	-	(1,360)	-	-	(9)	-
11	Taxes	13,798	-	-	-	-	-	-
12	Total Production & Transmission	367,527	-	(1,054)	-	-	(9)	-
Distribution								
13	Operating Expenses	20,337	-	-	-	-	-	-
14	Depreciation/Amortization	23,480	-	-	-	-	-	-
15	Taxes	43,233	-	-	-	(17,693)	384	-
16	Total Distribution	87,050	-	-	-	(17,693)	384	-
17	Customer Accounting	10,571	-	2	-	-	-	1,117
18	Customer Service & Information	19,917	-	-	-	-	-	-
19	Sales Expenses	0	-	-	-	-	-	-
Administrative & General								
20	Operating Expenses	43,575	-	-	-	-	-	-
21	Depreciation/Amortization	16,215	-	-	-	-	-	-
22	Taxes	0	-	-	-	-	-	-
23	Total Admin. & General	59,790	-	-	-	-	-	-
24	Total Electric Expenses	544,855	-	(1,052)	-	(17,693)	.375	1,117
25	OPERATING INCOME BEFORE FIT	138,783	-	1,052	-	(88)	(375)	(1,117)
FEDERAL INCOME TAX								
26	Current Accrual	28,537	-	368	-	(31)	(131)	(391)
27	Debt Interest	0	56	69	(194)	-	-	-
28	Deferred Income Taxes	7,383	-	-	-	-	-	-
29	Amortized ITC - Noxon	(120)	-	-	-	-	-	-
30	NET OPERATING INCOME	\$102,983	(\$56)	\$614	\$194	(\$57)	(\$244)	(\$726)
TOTAL PLANT IN SERVICE								
31	Intangible	\$100,295	\$0	\$0	\$0	\$0	\$0	\$0
32	Production	747,839	-	-	-	-	-	-
33	Transmission	370,703	-	-	-	-	-	-
34	Distribution	830,629	-	-	-	-	-	-
35	General	192,845	-	-	-	-	-	-
36	Total Plant in Service	2,242,311	-	-	-	-	-	-
ACCUMULATED DEPRECIATION/AMORT								
37	Intangible	(19,415)	-	-	-	-	-	-
38	Production	(324,667)	-	-	-	-	-	-
39	Transmission	(124,279)	-	-	-	-	-	-
40	Distribution	(248,229)	-	-	-	-	-	-
41	General	(63,732)	-	-	-	-	-	-
42	Total Accumulated Depreciation	(780,322)	-	-	-	-	-	-
43	NET PLANT	1,461,989	-	-	-	-	-	-
DEFERRED TAXES								
44	Net Plant After DFIT	(238,376)	(6,009)	-	-	-	-	-
45	Net Plant After DFIT	1,223,613	(6,009)	-	-	-	-	-
46	DEFERRED DEBITS AND CREDITS & OTHER	11,848	-	(7,399)	-	-	-	-
47	WORKING CAPITAL	25,039	-	-	20,703	-	-	-
48	TOTAL RATE BASE	1,260,500	(\$6,009)	(\$7,399)	\$20,703	\$0	\$0	\$0
49	RATE OF RETURN	8.17%	0	-	-	-	-	-
50	REVENUE REQUIREMENT	(17,891)	(616)	(1,861)	2,121	92	393	1,171

AVISTA UTILITIES
 WASHINGTON ELECTRIC RESULTS - PROF
 TWELVE MONTHS ENDED SEPTEMBER 30,
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Regulatory Expense	Injuries and Damages	FIT/DFIT/ITC/PTC Expense	Office Space Charges to Subsidiaries	Contested	REVISED	Weather Normalization	Eliminate Adder Schedules
						Restate Excise Taxes	Contested Net Gains / Losses		
	Adjustment Number	2.04	2.05	2.06	2.07	2.08	2.09	2.10	2.11
	Workpaper Reference	E-RE	E-ID	E-FIT	E-OSC	E-RET	E-NGL	E-WN	E-EAS
REVENUES									
1	Total General Business	\$0	\$0	\$0	\$0	\$0	\$0	(\$7,056)	(\$10,713)
2	Interdepartmental Sales	-	-	-	-	-	-	-	-
3	Sales for Resale	-	-	-	-	-	-	-	-
4	Total Sales of Electricity	-	-	-	-	-	-	(7,056)	(10,713)
5	Other Revenue	-	-	-	-	-	-	-	-
6	Total Electric Revenue	-	-	-	-	-	-	(7,056)	(10,713)
EXPENSES									
Production and Transmission									
7	Operating Expenses	-	-	-	-	-	-	-	249
8	Purchased Power	-	-	-	-	-	-	-	-
9	Depreciation/Amortization	0	-	-	-	-	-	-	-
10	Regulatory Amortization	-	-	-	-	-	-	-	8,012
11	Taxes	-	-	-	-	-	-	-	-
12	Total Production & Transmission	-	-	-	-	-	-	-	8,261
Distribution									
13	Operating Expenses	-	-	-	-	-	-	-	-
14	Depreciation/Amortization	-	-	-	-	-	(90)	-	-
15	Taxes	-	-	-	-	(195)	-	(272)	(413)
16	Total Distribution	-	-	-	-	(195)	(90)	(272)	(413)
17	Customer Accounting	-	-	-	-	-	-	(40)	(60)
18	Customer Service & Information	-	-	-	-	-	-	-	(18,480)
19	Sales Expenses	-	-	-	-	-	-	-	-
Administrative & General									
20	Operating Expenses	(74)	241	-	(16)	-	-	(14)	(21)
21	Depreciation/Amortization	-	-	-	-	-	-	-	-
22	Taxes	-	-	-	-	-	-	-	-
23	Total Admin. & General	(74)	241	-	(16)	-	-	(14)	(21)
24	Total Electric Expenses	(74)	241	-	(16)	(195)	(90)	(326)	(10,713)
25	OPERATING INCOME BEFORE FIT	74	(241)	-	16	195	90	(6,730)	-
FEDERAL INCOME TAX									
26	Current Accrual	26	(84)	231	6	68	32	(2,356)	-
27	Debt Interest	-	-	-	-	-	-	-	-
28	Deferred Income Taxes	-	-	(8)	-	-	-	-	-
29	Amortized ITC - Noxon	-	-	(10)	-	-	-	-	-
30	NET OPERATING INCOME	\$48	(\$157)	(\$213)	\$10	\$127	\$59	(\$4,375)	\$0
TOTAL PLANT IN SERVICE									
31	Intangible	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
32	Production	-	-	-	-	-	-	-	-
33	Transmission	-	-	-	-	-	-	-	-
34	Distribution	-	-	-	-	-	-	-	-
35	General	-	-	-	-	-	-	-	-
36	Total Plant in Service	-	-	-	-	-	-	-	-
ACCUMULATED DEPRECIATION/AMORT									
37	Intangible	-	-	-	-	-	-	-	-
38	Production	-	-	-	-	-	-	-	-
39	Transmission	-	-	-	-	-	-	-	-
40	Distribution	-	-	-	-	-	-	-	-
41	General	-	-	-	-	-	-	-	-
42	Total Accumulated Depreciation	-	-	-	-	-	-	-	-
43	NET PLANT	-	-	-	-	-	-	-	-
44	DEFERRED TAXES	-	-	-	-	-	-	-	-
45	Net Plant After DFIT	-	-	-	-	-	-	-	-
46	DEFERRED DEBITS AND CREDITS & OTHER	-	-	-	-	-	-	-	-
47	WORKING CAPITAL	-	-	-	-	-	-	-	-
48	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
49	RATE OF RETURN	(78)	253	344	(17)	(204)	(94)	7,056	-
50	REVENUE REQUIREMENT	(78)	253	344	(17)	(204)	(94)	7,056	-

AVISTA UTILITIES
 WASHINGTON ELECTRIC RESULTS - PROF
 TWELVE MONTHS ENDED SEPTEMBER 30,
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Misc. Restating Expenses	Eliminate WA Power Cost Defer	Nez Perce Settlement Adjustment	Restate Debt Interest	Restate Incentive Expenses	Contested		Restated TOTAL
							Regulatory Amortization Restating Adj.	Restate Long-Term Incentive P.	
	Adjustment Number	2-12	2-13	2-14	2-15	2-16	2-17	2-18	R-Ttl
	Workpaper Reference	E-MR	E-EWPC	E-NPS	E-RDI	E-RI	E-CCM	JLB-2C	
REVENUES									
1	Total General Business	\$0	\$7,762	\$0	\$0	\$0	\$0	\$0	\$482,698
2	Interdepartmental Sales	-	-	-	-	-	-	-	923
3	Sales for Resale	-	-	-	-	-	-	-	95,856
4	Total Sales of Electricity	-	7,762	-	-	-	-	-	579,477
5	Other Revenue	-	-	-	-	-	-	-	76,273
6	Total Electric Revenue	-	7,762	-	-	-	-	-	655,850
EXPENSES									
Production and Transmission									
7	Operating Expenses	(4)	4,853	14	-	-	-	-	206,737
8	Purchased Power	-	-	-	-	-	-	-	128,389
9	Depreciation/Amortization	-	-	-	-	-	-	-	23,738
10	Regulatory Amortization	-	(61)	-	-	-	(2,468)	-	4,406
11	Taxes	-	-	-	-	-	-	-	13,789
12	Total Production & Transmission	(4)	4,792	14	-	-	(2,468)	-	377,059
Distribution									
13	Operating Expenses	(4)	-	-	-	-	-	-	20,333
14	Depreciation/Amortization	-	-	-	-	-	-	-	23,390
15	Taxes	-	299	-	-	-	-	-	25,343
16	Total Distribution	(4)	299	-	-	-	-	-	69,066
17	Customer Accounting	-	34	-	-	-	-	-	11,624
18	Customer Service & Information	(3)	-	-	-	-	-	-	1,434
19	Sales Expenses	-	-	-	-	-	-	-	-
Administrative & General									
20	Operating Expenses	13	16	-	-	(1,121)	-	(238)	42,361
21	Depreciation/Amortization	-	-	-	-	-	-	-	16,215
22	Taxes	-	-	-	-	-	-	-	-
23	Total Admin. & General	13	16	-	-	(1,121)	-	(238)	58,576
24	Total Electric Expenses	2	5,141	14	-	(1,121)	(2,468)	(238)	517,759
25	OPERATING INCOME BEFORE FIT	(2)	2,621	(14)	-	1,121	2,468	238	138,091
FEDERAL INCOME TAX									
26	Current Accrual	(1)	-	(5)	869	392	864	83	28,477
27	Debt Interest	-	-	-	-	-	-	-	(68)
28	Deferred Income Taxes	-	918	-	-	-	-	-	8,293
29	Amortized ITC - Noxon	-	-	-	-	-	-	-	(130)
30	NET OPERATING INCOME	(\$1)	\$1,703	(\$9)	(\$69)	\$729	\$1,604	\$155	101,519
TOTAL									
PLANT IN SERVICE									
31	Intangible	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,295
32	Production	-	-	-	-	-	-	-	747,839
33	Transmission	-	-	-	-	-	-	-	370,703
34	Distribution	-	-	-	-	-	-	-	830,629
35	General	-	-	-	-	-	-	-	192,845
36	Total Plant in Service	-	-	-	-	-	-	-	2,242,311
ACCUMULATED DEPRECIATION/AMORT									
37	Intangible	-	-	-	-	-	-	-	(19,415)
38	Production	-	-	-	-	-	-	-	(324,667)
39	Transmission	-	-	-	-	-	-	-	(124,279)
40	Distribution	-	-	-	-	-	-	-	(248,229)
41	General	-	-	-	-	-	-	-	(63,732)
42	Total Accumulated Depreciation	-	-	-	-	-	-	-	(780,322)
43	NET PLANT	-	-	-	-	-	-	-	1,461,989
44	DEFERRED TAXES	-	-	-	-	-	-	-	(244,385)
45	Net Plant After DFIT	-	-	-	-	-	-	-	1,217,604
46	DEFERRED DEBITS AND CREDITS & OTHER	-	-	-	-	-	-	-	4,449
47	WORKING CAPITAL	-	-	-	-	-	-	-	45,742
48	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,267,795
49	RATE OF RETURN								(1)
50	REVENUE REQUIREMENT	2	(2,747)	15	1,402	(1,175)	(2,587)	(250)	(14,672)

[1] The Restated TOTAL column does not represent 9/30/2014 Test Period results of operation on a normalized basis. There are differences between certain restating adjustments included in the normalized commission basis reports (CBRs) versus those included here. Examples include removal of CBR Power Supply Adjustment, and inclusion of pro forma debt interest, restated deferred debits and credits and restated regulatory amortizations. Normalized CB results of operations at 09/30/2014 was 7.39% as shown on Exhibit No. ___(EMA-2) page 5.

AVISTA UTILITIES
 WASHINGTON ELECTRIC RESULTS - PRO F
 TWELVE MONTHS ENDED SEPTEMBER 30,
 (000'S OF DOLLARS)

Power Supply, Settlement-Removes
 CS2/Colstrip from Base PS / Reduce for
 \$1.528m agreed to / Includes
 corrections per Staff-DR 59 / Updates
 P/T Ratio, Per Settlement.

Line No.	DESCRIPTION	Contested		Contested		Contested		Contested	
		Pro Forma Power Supply	Pro Forma Transmission Rev/Exp	Pro Forma Labor Non-Exec	Pro Forma Labor Exec	Pro Forma Employee Benefits	Pro Forma Insurance Expense	Pro Forma Property Tax	
	Adjustment Number	3.00	3.01	3.02	3.03	3.04	3.05	3.06	
	Workpaper Reference	E-PPS	E-PTR	E-PLN	E-PLE	E-PFB	E-PI	E-PPT	
REVENUES									
1	Total General Business	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2	Interdepartmental Sales	-	-	-	-	-	-	-	
3	Sales for Resale	(42,099)	-	-	-	-	-	-	
4	Total Sales of Electricity	(42,099)	-	-	-	-	-	-	
5	Other Revenue	(62,430)	347	-	-	-	-	-	
6	Total Electric Revenue	(104,529)	347	-	-	-	-	-	
EXPENSES									
Production and Transmission									
7	Operating Expenses	(64,382)	256	573	(26)	1,238	-	-	
8	Purchased Power	(52,780)	-	-	-	-	-	-	
9	Depreciation/Amortization	-	-	-	-	-	-	-	
10	Regulatory Amortization	-	-	-	-	-	-	1,961	
11	Taxes	-	-	-	-	-	-	1,961	
12	Total Production & Transmission	(117,162)	256	573	(26)	1,238	-	1,961	
Distribution									
13	Operating Expenses	-	-	393	-	848	-	-	
14	Depreciation/Amortization	-	-	-	-	-	-	-	
15	Taxes	-	-	-	-	-	-	1,220	
16	Total Distribution	-	-	393	-	848	-	1,220	
17	Customer Accounting	-	-	191	-	412	-	-	
18	Customer Service & Information	-	-	17	-	37	-	-	
19	Sales Expenses	-	-	0	-	-	-	-	
Administrative & General									
20	Operating Expenses	-	-	1,706	147	990	-	-	
21	Depreciation/Amortization	-	-	-	-	-	-	-	
22	Taxes	-	-	-	-	-	-	-	
23	Total Admin. & General	-	-	1,706	147	990	-	-	
24	Total Electric Expenses	(117,162)	256	2,880	121	3,525	-	3,181	
25	OPERATING INCOME BEFORE FIT	12,633	91	(2,880)	(121)	(3,525)	-	(3,181)	
FEDERAL INCOME TAX									
26	Current Accrual	4,422	32	(1,008)	(42)	(1,234)	-	(1,113)	
27	Debt Interest	-	-	-	-	-	-	-	
28	Deferred Income Taxes	-	-	-	-	-	-	-	
29	Amortized ITC - Noxon	-	-	-	-	-	-	-	
30	NET OPERATING INCOME	\$8,211	\$59	(\$1,872)	(\$79)	(\$2,291)	\$0	(\$2,068)	
TOTAL									
PLANT IN SERVICE									
31	Intangible	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
32	Production	-	-	-	-	-	-	-	
33	Transmission	-	-	-	-	-	-	-	
34	Distribution	-	-	-	-	-	-	-	
35	General	-	-	-	-	-	-	-	
36	Total Plant in Service	-	-	-	-	-	-	-	
ACCUMULATED DEPRECIATION/AMORT									
37	Intangible	-	-	-	-	-	-	-	
38	Production	-	-	-	-	-	-	-	
39	Transmission	-	-	-	-	-	-	-	
40	Distribution	-	-	-	-	-	-	-	
41	General	-	-	-	-	-	-	-	
42	Total Accumulated Depreciation	-	-	-	-	-	-	-	
43	NET PLANT	-	-	-	-	-	-	-	
44	DEFERRED TAXES	-	-	-	-	-	-	-	
45	Net Plant After DFIT	-	-	-	-	-	-	-	
46	DEFERRED DEBITS AND CREDITS & OTHER	-	-	-	-	-	-	-	
47	WORKING CAPITAL	-	-	-	-	-	-	-	
48	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
49	RATE OF RETURN	(13,244)	(95)	3,020	127	3,696	-	3,335	
50	REVENUE REQUIREMENT								

AVISTA UTILITIES
WASHINGTON ELECTRIC RESULTS - PRO F

TWELVE MONTHS ENDED SEPTEMBER 30,
(000'S OF DOLLARS)

Excludes: CS2/Colstrip
incremental exp; see JLB-
IT, Contested

Line No.	DESCRIPTION	Contested		Pro Forma Revenue Normalization	Pro Forma Major Maint-Hydro Thermal, Other	Actual Capital Add Dec 2014 EOP	Contested WA CS2 & Colstrip O&M	Pro Forma Sub-Total
		Pro Forma Information Tech/Serv Exp	Pro Forma Lake Spokane Deferral					
	Adjustment Number	3.07	3.08	3.09	3.10	3.11	3.13	PF-Ttl
	Workpaper Reference	E-ISIT	E-LSO	E-PREV	E-PMM	E-CAP14-UTC	JLB-2C	
REVENUES								
1	Total General Business	\$0	\$0	\$16,361	\$0	\$0	\$0	\$499,059
2	Interdepartmental Sales	-	-	-	-	-	-	923
3	Sales for Resale	-	-	-	-	-	-	53,757
4	Total Sales of Electricity	-	-	16,361	-	-	-	553,739
5	Other Revenue	-	-	-	-	-	-	14,290
6	Total Electric Revenue	-	-	16,361	-	-	-	568,029
EXPENSES								
Production and Transmission								
7	Operating Expenses	-	-	-	-	-	(277)	144,119
8	Purchased Power	-	-	-	-	-	-	75,609
9	Depreciation/Amortization	-	-	-	-	(587)	-	23,151
10	Regulatory Amortization	-	291	-	-	-	-	4,697
11	Taxes	-	-	-	-	-	-	15,750
12	Total Production & Transmission	-	291	-	-	(587)	(277)	263,326
Distribution								
13	Operating Expenses	-	-	-	-	-	-	21,574
14	Depreciation/Amortization	-	-	-	-	461	-	23,851
15	Taxes	-	-	630	-	-	-	27,193
16	Total Distribution	-	-	630	-	461	-	72,618
17	Customer Accounting	-	-	92	-	-	-	12,319
18	Customer Service & Information	-	-	-	-	-	-	1,488
19	Sales Expenses	-	-	-	-	-	-	0
Administrative & General								
20	Operating Expenses	336	-	33	-	-	-	45,573
21	Depreciation/Amortization	-	-	-	-	-	-	18,980
22	Taxes	-	-	-	-	-	-	-
23	Total Admin. & General	336	-	33	-	2,765	-	64,553
24	Total Electric Expenses	336	291	755	-	2,639	(277)	414,304
25	OPERATING INCOME BEFORE FIT	(336)	(291)	15,606	-	(2,639)	277	153,725
FEDERAL INCOME TAX								
26	Current Accrual	(118)	(102)	5,462	-	(924)	97	33,949
27	Debt Interest	-	-	-	-	41	-	(27)
28	Deferred Income Taxes	-	-	-	-	-	-	8,293
29	Amortized ITC - Noxon	-	-	-	-	-	-	(130)
30	NET OPERATING INCOME	(\$218)	(\$189)	10,144	-	(\$1,756)	\$180	111,640
TOTAL								
PLANT IN SERVICE								
31	Intangible	\$0	\$0	\$0	\$0	\$6,240	-	\$106,535
32	Production	-	-	-	-	9,283	-	757,122
33	Transmission	-	-	-	-	19,510	-	390,213
34	Distribution	-	-	-	-	30,022	-	860,651
35	General	-	-	-	-	7,351	-	200,196
36	Total Plant in Service	-	-	-	-	72,406	-	2,314,717
ACCUMULATED DEPRECIATION/AMORT								
37	Intangible	-	-	-	-	(952)	-	(20,367)
38	Production	-	-	-	-	(5,359)	-	(\$330,026)
39	Transmission	-	-	-	-	(705)	-	(124,984)
40	Distribution	-	-	-	-	(14,474)	-	(262,703)
41	General	-	-	-	-	(2,207)	-	(65,939)
42	Total Accumulated Depreciation	-	-	-	-	(23,698)	-	(804,020)
43	NET PLANT	-	-	-	-	48,708	-	1,510,697
44	DEFERRED TAXES	-	-	-	-	(53,079)	-	(297,464)
45	Net Plant After DFIT	-	-	-	-	(4,371)	-	1,213,233
46	DEFERRED DEBITS AND CREDITS & OTHER	-	-	-	-	-	-	4,449
47	WORKING CAPITAL	-	-	-	-	-	-	45,742
48	TOTAL RATE BASE	\$0	\$0	\$0	\$0	(4,371)	-	1,263,424
49	RATE OF RETURN							
50	REVENUE REQUIREMENT	352	305	(16,361)	-	2,319	(291)	(31,510)

AVISTA UTILITIES
WASHINGTON ELECTRIC RESULTS - PRO F

TWELVE MONTHS ENDED SEPTEMBER 30,
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Contested	Contested	Contested	Contested	Eliminated		
		Planned Capital Add 2015 EOP	Planned Capital Add 2016 AMA	Meter Retirement	O&M Offsets	Pro Forma Cross Check Total	Reconcile Pro Forma To Attribution	Attribution Adjusted / Pro Forma Total (2)
		4.01	4.02	4.03	4.04	PFCC-TM	4.05	AA/PF-TM
	Workpaper Reference	E-CAP15	E-CAP16	E-MRD	E-OFF		E-REC	
REVENUES								
1	Total General Business	\$0	\$0	\$0	\$0	\$499,059	\$0	\$499,059
2	Interdepartmental Sales	-	-	-	-	923	-	923
3	Sales for Resale	-	-	-	-	53,757	-	53,757
4	Total Sales of Electricity	-	-	-	-	553,739	-	553,739
5	Other Revenue	-	-	-	-	14,290	-	14,290
6	Total Electric Revenue	-	-	-	-	568,029	-	568,029
EXPENSES								
Production and Transmission								
7	Operating Expenses	-	-	-	(18)	144,101	-	144,101
8	Purchased Power	-	-	-	-	75,609	-	75,609
9	Depreciation/Amortization	222	-	-	-	23,373	-	23,373
10	Regulatory Amortization	-	-	-	-	4,697	-	4,697
11	Taxes	-	-	-	-	15,750	-	15,750
12	Total Production & Transmission	222	-	-	(18)	263,530	-	263,530
Distribution								
13	Operating Expenses	-	-	-	(353)	21,221	-	21,221
14	Depreciation/Amortization	156	-	-	-	24,007	-	24,007
15	Taxes	-	-	-	-	27,193	-	27,193
16	Total Distribution	156	-	-	(353)	72,421	-	72,421
17	Customer Accounting	-	-	-	-	12,319	-	12,319
18	Customer Service & Information	-	-	-	-	1,488	-	1,488
19	Sales Expenses	-	-	-	-	0	-	0
Administrative & General								
20	Operating Expenses	-	-	-	(105)	45,468	-	45,468
21	Depreciation/Amortization	4,550	-	-	-	23,530	-	23,530
22	Taxes	-	-	-	-	-	-	-
23	Total Admin. & General	4,550	-	-	(105)	68,998	-	68,998
24	Total Electric Expenses	4,928	-	-	(476)	418,756	-	418,756
25	OPERATING INCOME BEFORE FIT	(4,928)	-	-	476	149,273	-	149,273
FEDERAL INCOME TAX								
26	Current Accrual	(1,725)	-	-	167	32,391	-	32,391
27	Debt Interest	(545)	-	-	-	(572)	-	(572)
28	Deferred Income Taxes	-	-	-	-	8,293	-	8,293
29	Amortized ITC - Noxon	(27)	-	-	-	(157)	-	(157)
30	NET OPERATING INCOME	(2,631)	-	-	309	109,318	-	109,318
TOTAL								
PLANT IN SERVICE								
31	Intangible	\$49,992	\$0	\$0	\$0	\$156,527	\$0	\$156,527
32	Production	11,147	-	-	-	768,269	-	768,269
33	Transmission	-	-	-	-	390,213	-	390,213
34	Distribution	5,358	-	-	-	866,008	-	866,008
35	General	1	-	-	-	200,198	-	200,198
36	Total Plant in Service	66,498	-	-	-	2,381,215	-	2,381,215
ACCUMULATED DEPRECIATION/AMORT								
37	Intangible	(3,803)	-	-	-	(24,170)	-	(24,170)
38	Production	(145)	-	-	-	(5330,171)	-	(5330,171)
39	Transmission	-	-	-	-	(124,984)	-	(124,984)
40	Distribution	(114)	-	-	-	(262,817)	-	(262,817)
41	General	(0)	-	-	-	(65,939)	-	(65,939)
42	Total Accumulated Depreciation	(4,063)	-	-	-	(808,083)	-	(808,083)
43	NET PLANT	62,435	-	-	-	1,573,132	-	1,573,132
44	DEFERRED TAXES	(4,340)	-	-	-	(301,804)	-	(301,804)
45	Net Plant After DFIT	58,095	-	-	-	1,271,328	-	1,271,328
46	DEFERRED DEBITS AND CREDITS & OTHER	-	-	-	-	4,449	-	4,449
47	WORKING CAPITAL	-	-	-	-	45,742	-	45,742
48	TOTAL RATE BASE	\$58,095	\$0	\$0	\$0	1,321,519	\$0	1,321,519
49	RATE OF RETURN	-	-	-	-	-	-	8.27%
50	REVENUE REQUIREMENT	11,075	-	-	(499)	(20,935)	-	(20,935)

AVISTA UTILITIES
 Comparison of Revenue Requirement Revised Adjustments
 Restatement Summary Washington Electric

Column Description	FILED CASE		STAFF PRO FORMA		DIFFERENCE		REVENUE REQUIREMENT		IMPACT ON Net Change
	Washington Electric NOI	Rate Base	Washington Electric NOI	Rate Base	Washington Electric NOI	Rate Base	Washington Electric NOI	Rate Base	
1.00 Results of Operations	\$102,983	\$1,260,500	\$102,983	1,260,500	\$0	\$0	\$0	\$0	\$0
1.01 Deferred FIT Rate Base	(\$57)	(\$6,009)	(56)	(6,009)	\$1	\$0	\$1	\$0	(\$1)
1.02 Deferred Debits and Credits	\$614	(\$7,399)	614	(7,399)	\$1	\$0	\$1	\$0	(\$1)
1.03 Working Capital	196	20,703	194	20,703	(\$2)	\$0	(\$2)	\$0	\$4
Actual	103,736	1,267,795	103,735	1,267,795	(1)	0	(1)	0	1
2.01 Eliminate B & O Taxes	(\$57)	\$0	(57)	0	\$0	\$0	\$0	\$0	\$0
2.02 Restate Property Tax	(\$244)	\$0	(244)	0	\$0	\$0	\$0	\$0	\$0
2.03 Uncollect Expense	(\$726)	\$0	(726)	0	\$0	\$0	\$0	\$0	\$0
2.04 Regulatory Expense	\$48	\$0	48	0	\$0	\$0	\$0	\$0	\$0
2.05 Injuries and Damages	(\$157)	\$0	(157)	0	\$0	\$0	\$0	\$0	\$0
2.06 FIT/DFIT/ITC/PTC Expense	(\$213)	\$0	(213)	0	\$0	\$0	\$0	\$0	\$0
2.07 Office Space Charges to Subsidiaries	\$10	\$0	10	0	\$0	\$0	\$0	\$0	\$0
2.08 Restate Excise Taxes	\$41	\$0	127	0	\$86	\$0	\$86	\$0	(\$138)
2.09 Net Gains / Losses	\$53	\$0	59	0	\$6	\$0	\$6	\$0	(\$9)
2.10 Weather Normalization	(\$4,375)	\$0	(4,375)	0	\$0	\$0	\$0	\$0	\$0
2.11 Eliminate Adder Schedules	\$0	\$0	0	0	\$0	\$0	\$0	\$0	\$0
2.12 Misc. Restating Expenses	(\$1)	\$0	(1)	0	\$0	\$0	\$0	\$0	\$0
2.13 Eliminate WA Power Cost Defer	\$1,703	\$0	1,703	0	\$0	\$0	\$0	\$0	\$0
2.14 Nez Perce Settlement Adjustment	(\$9)	\$0	(9)	0	\$0	\$0	\$0	\$0	\$0
2.15 Restate Debt Interest	(\$737)	\$0	(869)	0	(\$132)	\$0	(\$132)	\$0	\$213
2.16 Restate Incentive Expenses	\$729	\$0	729	0	\$0	\$0	\$0	\$0	\$0
2.18 Restate Long-Term Incentive P.	\$1,604	\$0	155	0	(\$1,450)	\$0	(\$1,450)	\$0	\$2,338
Restated Total	\$101,405	\$1,267,795	\$99,915	\$1,267,795	(\$1,491)	\$0	(\$1,491)	\$0	\$2,404
3.00 Pro Forma Power Supply	(2,451)	0	8,211	0	\$10,662	\$0	\$10,662	\$0	(\$17,197)
3.01 Pro Forma Transmission Rev/Exp	(71)	0	59	0	\$130	\$0	\$130	\$0	(\$210)
3.02 Pro Forma Labor Non-Exec	(2,503)	0	(1,872)	0	\$631	\$0	\$631	\$0	(\$1,017)
3.03 Pro Forma Labor Exec	(143)	0	(79)	0	\$64	\$0	\$64	\$0	(\$104)
3.04 Pro Forma Employee Benefits	(1,550)	0	(2,291)	0	(\$741)	\$0	(\$741)	\$0	\$1,195
3.05 Pro Forma Insurance Expense	(168)	0	0	0	\$168	\$0	\$168	\$0	(\$272)
3.06 Pro Forma Property Tax	(\$2,068)	\$0	(2,068)	0	\$0	\$0	\$0	\$0	\$0
3.07 Pro Forma Information Tech/Serv Exp	(\$1,091)	\$0	(218)	0	\$873	\$0	\$873	\$0	(\$1,408)
3.08 Pro Forma Lake Spokane Deferral	(189)	0	(189)	0	\$0	\$0	\$0	\$0	\$0
3.09 Pro Forma Revenue Normalization	10,144	0	10,144	0	\$0	\$0	\$0	\$0	\$0
3.10 Pro Forma Major Maint-Hydro Thermal, Other	(1,570)	0	0	0	\$1,570	\$0	\$1,570	\$0	(\$2,532)
3.11 Actual Capital Add Dec 2014 EOP	(2,790)	35,098	(1,756)	(4,371)	\$1,034	(\$39,469)	\$1,034	(\$39,469)	(\$6,309)
3.13 WA CS2 & Colstrip O&M	180	0	180	0	\$180	\$0	\$180	\$0	(\$17,446)
4.01 Planned Capital Add 2015 EOP	(5,056)	149,733	(2,631)	58,095	\$2,425	(\$91,638)	\$2,425	(\$91,638)	(\$14,686)
4.02 Planned Capital Add 2016 AMA	(1,755)	(3,071)	0	0	\$1,755	\$3,071	\$1,755	\$3,071	(\$2,469)
4.03 Meter Retirement	(1,125)	20,276	0	0	\$1,125	(\$20,276)	\$1,125	(\$20,276)	(\$4,199)
4.04 O&M Offsets	127	0	309	0	\$182	\$0	\$182	\$0	(\$294)
4.05 Reconcile Pro Forma To Attribution	(512)	(5,535)	0	0	\$512	\$5,535	\$512	\$5,535	(\$175)
Pro Forma Total	\$88,634	\$1,464,296	\$107,714	\$1,321,519	\$19,080	(\$142,777)	\$19,080	(\$142,777)	(\$64,502)