

Avista Corporation
Restating - Excise Tax Adjustment 2.08
2014 Gas Pro Forma - Test Year Ending 09/30/2014

<u>Line</u> <u>No.</u>		<u>Company</u>	<u>Staff</u>
		<u>Total</u> <u>Washington</u> <u>Amount</u>	<u>Total</u> <u>Washington</u> <u>Amount</u>
1	EXPENSES		
2	Distribution		
3	15 Taxes	\$ 328	\$ (63)
4	Total	<u>\$ 328</u>	<u>\$ (63)</u>
5			
6	Net Income before FIT	\$ (328)	\$ 63
7			
8	Federal Income Tax 35%	<u>\$ (115)</u>	<u>\$ 22</u>
9			
10	Change/Net Income	<u><u>\$ (213)</u></u>	<u><u>\$ 41</u></u>
11			
12			

13 Description

14 This adjustment removes the effect of a one-month lag between

15 collection and payment of taxes.

16

17 Staff corrects an error made in the company's initial filing related to the

18 double counting of revenues.

19

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Avista Corporation
Restating - Long Term Incentive Plan 2.15
2014 Gas Pro Forma - Test Year Ending 09/30/2014

<u>Line</u> <u>No.</u>	<u>Company</u>	<u>Staff</u>
	<u>Total</u> <u>Washington</u> <u>Amount</u>	<u>Total</u> <u>Washington</u> <u>Amount</u>
1	EXPENSES	
2	Administrative & General	
3	20 Operating Expenses	\$ (71)
4	Total	\$ (71)
5		
6	Net Income before FIT	\$ 71
7		
8	Federal Income Tax 35%	\$ 25
9		
10	Change/Net Income	\$ 46
11		
12		

13 Description

14 This adjustment is new and is introduced in Staff's Direct case 15 16 Staff's adjustment removes the amount of Restricted Stock Units for the 17 Long Term Incentive Plan from the results of operations.

Avista Corporation
Pro Forma - Labor Non Exec Adjustment 3.00
2014 Gas Pro Forma - Test Year Ending 09/30/2014

<u>Line</u> <u>No.</u>	<u>Company</u>	<u>Staff</u>
	<u>Total</u> <u>Washington</u> <u>Amount</u>	<u>Total</u> <u>Washington</u> <u>Amount</u>
1	EXPENSES	
2	Production & Transmission	
3	6 Purchased Gas Exp	\$ 27
4		\$ 17
5	Distribution	
6	13 Operating Expense	\$ 343
7		\$ 223
8	Customer	
9	17 Customer Acctg.	\$ 186
10	18 Cust. Serv. & Info	\$ 17
11		\$ 203
12	Admin & Gen	
13	20 Operating Expenses	\$ 580
14	Total	\$ 863
15		
16	Net Income before FIT	\$ (1,153)
17		\$ (863)
18	Federal Income Tax 35%	\$ (404)
19		\$ (302)
20	Change/Net Income	\$ (749)
21		\$ (561)

23 Description

24 This adjustment reflects changes to test period union and non-union
25 wages and salaries.
26
27 Staff recommends including wage increases through March 2015 for
28 both administrative and union personnel. Staff does not include
29 proposed increases that begin in 2016.

Avista Corporation
Pro Forma - Labor Executive 3.01
2014 Gas Pro Forma - Test Year Ending 09/30/2014

<u>Line</u> <u>No.</u>	Company		Staff	
		<u>Total</u> <u>Washington</u> <u>Amount</u>		<u>Total</u> <u>Washington</u> <u>Amount</u>
1	EXPENSES			
2	Production & Transmission			
3	6 Purchased Gas Exp	\$ (23)	\$	(22)
4		\$ (23)	\$	(22)
5	Distribution			
6	13 Operating Expense			
7		\$ -	\$	-
8	Customer			
9	17 Customer Acctg.			
10	18 Cust. Serv. & Info			
11		\$ -	\$	-
12	Admin & Gen			
13	20 Operating Expenses	\$ 73	\$	44
14	Total	\$ 50	\$	22
15				
16	Net Income before FIT	\$ (50)	\$	(22)
17				
18	Federal Income Tax 35%	\$ (17)	\$	(8)
19				
20	Change/Net Income	\$ (33)	\$	(14)
21				
22				

23 Description

24 This adjustment reflects an annualized 2014 level of allocated executive
25 officer salaries and updated utility and non-utility allocation percentages.
26
27 Staff recommends using an 83%/17% split for utility/non-utility time
28 sheet allocation.
29
30

Avista Corporation
Pro Forma - Employee Benefits 3.02
2014 Gas Pro Forma - Test Year Ending 09/30/2014

<u>Line</u> <u>No.</u>	<u>Company</u>	<u>Staff</u>
	<u>Total</u> <u>Washington</u> <u>Amount</u>	<u>Total</u> <u>Washington</u> <u>Amount</u>
1	EXPENSES	
2	Production & Transmission	
3	6 Purchased Gas Exp	\$ 25
4		\$ 37
5	Distribution	
6	13 Operating Expense	\$ 318
7		\$ 470
8	Customer	
9	17 Customer Acctg.	\$ 172
10	18 Cust. Serv. & Info	\$ 16
	19 Sales Exp.	\$ 1
11		\$ 189
12	Admin & Gen	
13	20 Operating Expenses	\$ 185
14	Total	\$ 1,061
15		
16	Net Income before FIT	\$ (717)
17		\$ (1,061)
18	Federal Income Tax 35%	\$ (251)
19		\$ (371)
20	Change/Net Income	\$ (466)
21		\$ (690)
22		

23 Description

24	This adjustment reflects changes in both the Company's pension and medical insurance expense.
25	
26	
27	Staff includes a minor caclulation error related to double counting.

Avista Corporation
Pro Forma - Insurance Expense 3.03
2014 Gas Pro Forma - Test Year Ending 09/30/2014

<u>Line</u> <u>No.</u>		<u>Company</u>	<u>Staff</u>
		<u>Total</u> <u>Washington</u> <u>Amount</u>	<u>Total</u> <u>Washington</u> <u>Amount</u>
1	EXPENSES		
2	Administrative & General		
3	20 Operating Expenses	\$ 77	\$ -
4	Total	\$ 77	\$ -
5			
6	Net Income before FIT	\$ (77)	\$ -
7			
8	Federal Income Tax 35%	\$ (27)	\$ -
9			
10	Change/Net Income	\$ (50)	\$ -
11			
12			

13 Description

14 This adjustment reflects the expected 2016 level insurance.

15

16 Staff recommends rejecting this adjustment as it is not reflective of

17 expected on-going costs.

18

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Avista Corporation
Pro Forma - Information Technology & Services (IT/IS) Adjustment
3.05
2014 Gas Pro Forma - Test Year Ending 09/30/2014

<u>Line</u> <u>No.</u>	<u>Company</u>	<u>Staff</u>
	<u>Total</u> <u>Washington</u> <u>Amount</u>	<u>Total</u> <u>Washington</u> <u>Amount</u>
1	EXPENSES	
2	Administrative & General	
3	20 Operating Expenses	\$ 412
4	Total	\$ 14
5		\$ 14
6	Net Income before FIT	\$ (412)
7		\$ (14)
8	Federal Income Tax 35%	\$ (144)
9		\$ (5)
10	Change/Net Income	\$ (268)
11		\$ (9)

13 Description

14 This adjustment increase operating expense for expenditures related to

15 Information Technology and Services projects and contracts.

16

17 Staff includes only those projects that have signed contracts or support

18 for the test year expense.

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