

		May 1, 2018				
		WITH PRESENT RATES			WITH 05.2018 PROPOSED RATES	
Line No.	DESCRIPTION	Actual Per Results Report	Total Adjustments	05.2018 Adjusted Total (1)	Proposed Revenues & Related Exp	2018 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	\$516,333	(\$25,145)	\$491,188	(\$14,871)	\$476,317
2	Interdepartmental Sales	946	-	946		946
3	Sales for Resale	78,098	(20,773)	57,325		57,325
4	Total Sales of Electricity	595,377	(45,918)	549,459	(14,871)	534,588
5	Other Revenue	81,735	(68,435)	13,300		13,300
6	Total Electric Revenue	677,112	(114,353)	562,759	(14,871)	547,888
EXPENSES						
Production and Transmission						
7	Operating Expenses	184,672	(48,927)	135,745		135,745
8	Purchased Power	96,772	(19,641)	77,131		77,131
9	Depreciation/Amortization	26,677	-	26,677		26,677
10	Regulatory Amortization	4,310	(998)	3,312		3,312
11	Taxes	14,904	1,215	16,119		16,119
12	Total Production & Transmission	327,335	(68,351)	258,984	-	258,984
Distribution						
13	Operating Expenses	21,420	1,057	22,477		22,477
14	Depreciation/Amortization	27,913	142	28,055		28,055
15	Regulatory Amortization	-	-	-		-
16	Taxes	45,258	(18,171)	27,087	(572)	26,515
17	Total Distribution	94,591	(16,972)	77,619	(572)	77,047
18	Customer Accounting	11,733	1,359	13,092	(92)	13,000
19	Customer Service & Information	18,081	(16,651)	1,430		1,430
20	Sales Expenses	-	-	-		-
Administrative & General						
21	Operating Expenses	50,568	(76)	50,492	(30)	50,462
22	Depreciation/Amortization	23,877	629	24,506		24,506
23	Taxes	-	-	-		-
24	Total Admin. & General	74,445	553	74,998	(30)	74,968
25	Total Electric Expenses	526,185	(100,062)	426,123	(694)	425,429
26	OPERATING INCOME BEFORE FIT	150,927	(14,291)	136,636	(14,177)	122,459
FEDERAL INCOME TAX						
27	Current Accrual	(25,741)	(6,026)	(31,767)	(4,962)	(36,729)
28	Debt Interest	-	(649)	(649)		(649)
29	Deferred Income Taxes	66,436	755	67,191		67,191
30	Amortized Investment Tax Credit	(325)	(1)	(326)		(326)
31	NET OPERATING INCOME	\$110,557	(\$8,369)	\$102,188	(\$9,215)	\$92,973
RATE BASE						
PLANT IN SERVICE						
32	Intangible	\$156,057	\$7,177	\$163,234		\$163,234
33	Production	832,833	41,243	874,076		874,076
34	Transmission	430,613	15,525	446,138		446,138
35	Distribution	970,455	43,479	1,013,934		1,013,934
36	General	233,266	9,313	242,579		242,579
37	Total Plant in Service	2,623,224	116,737	2,739,961	-	2,739,961
ACCUMULATED DEPRECIATION						
38	Intangible	(30,914)	(3,399)	(34,313)		(34,313)
39	Production	(351,625)	4,587	(347,038)		(347,038)
40	Transmission	(135,624)	(503)	(136,127)		(136,127)
41	Distribution	(295,383)	(9,795)	(305,178)		(305,178)
42	General	(80,093)	(3,551)	(83,644)		(83,644)
43	Total Accumulated Depreciation	(893,639)	(12,661)	(906,300)	-	(906,300)
44	NET PLANT BEFORE DFIT	1,729,585	104,076	1,833,661	-	1,833,661
45	DEFERRED TAXES	(354,707)	(24,879)	(379,586)		(379,586)
46	NET PLANT AFTER DFIT	1,374,878	79,197	1,454,075	-	1,454,075
47	DEFERRED DEBITS AND CREDITS	4,568	(5,346)	(778)		(778)
48	WORKING CAPITAL	65,480	(7,278)	58,202		58,202
50	TOTAL RATE BASE	\$1,444,926	\$66,573	\$1,511,499	\$0	\$1,511,499
51	RATE OF RETURN	7.65%		6.76%		6.15%

AVISTA UTILITIES
CALCULATION OF REQUESTED GENERAL REVENUE REQUIREMENT
WASHINGTON ELECTRIC
TWELVE MONTHS ENDED DECEMBER 31, 2016

Line No.	Description	Requested Base Rate Change 5/1/2018 (000's of Dollars)
1	Pro Forma Rate Base	\$ 1,515,593
2	Proposed Rate of Return	7.20%
3	Net Operating Income Requirement	\$109,130
4	Pro Forma Net Operating Income	120,330
5	Net Operating Income Deficiency	(\$11,200)
6	Conversion Factor	0.753125
7	Revenue Requirement	(\$14,871)
8	Total General Business Revenues	\$492,134
9	Percentage Revenue Increase	-3.02%
10	Total <u>Billed</u> General Business Revenues	\$511,823
11	Percentage Revenue Increase	-2.91%

AVISTA UTILITIES PROPOSED COST OF CAPITAL WASHINGTON ELECTRIC			
Proposed Capital Structure*			
Component	Capital Structure	Cost	Weighted Cost
Short-Term Deb	2.90%	3.26%	0.09%
Long-Term Deb	<u>48.60%</u>	5.54%	<u>2.69%</u>
Total Debt	51.50%		2.787%
Common	48.50%	9.10%	4.414%
Total	<u><u>100.00%</u></u>		<u><u>7.20%</u></u>

* Based on rate year estimated capital structure and cost of debt.

**AVISTA UTILITIES
REVENUE CONVERSION FACTOR
WASHINGTON ELECTRIC
TWELVE MONTHS ENDED DECEMBER 31, 2016**

Line No.	Description	Originally filed Factor	With TCJA Factor
1	Revenues	1.000000	1.000000
	Expense:		
2	Uncollectibles	0.006183	0.006183
3	Commission Fees	0.002000	0.002000
4	Washington Excise Tax	0.038495	0.038495
6	Total Expense	0.046678	0.046677
7	Net Operating Income Before FIT	0.953322	0.953323
8	Federal Income Tax @ 35% & 21%	0.333663	0.200198
9	REVENUE CONVERSION FACTOR	0.619659	0.753125

Summary Table
Revenue Requirement After TCJA (000s)

Effective May 1, 2018	AVISTA		STAFF	
	WA Electric	WA Gas	WA Electric	WA Gas
Avista Rebuttal position	\$ 54,387	\$ 6,630	\$ 10,034	\$ 1,107
			\$ 694	no change
			\$ 10,728	\$ 1,107
Permanent Reductions:				
1) Current/Deferred Tax Expense (35% to 21%)	\$ (22,929)	\$ (4,655)	\$ (19,857)	\$ (4,033)
2a) Plant Excess ADFIT	\$ (5,712)	\$ (1,203)	\$ (5,742)	\$ (1,209)
Adjusted Avista Rebuttal (Base Tariff)	\$ 25,747	\$ 772	\$ (14,871)	\$ (4,135)

Temporary Reductions:

(NOTE: For electric service, Staff recommends these amounts remain in the deferral account until resolution of Docket U-170970, wherein they are proposed to offset Colstrip costs
 For natural gas service, Staff recommends these amounts be returned to customers over one year through Schedule 174 beginning May 1, 2018)

2b) Non-Plant Excess ADFIT	\$ (10,402)	\$ (1,136)	\$ (10,423)	\$ (1,144)
3) Deferral of January-April 2018 balances	\$ (6,315)	\$ (1,549)		
a) FIT/DFIT Expense	combined in (3) above		\$ (5,982)	\$ (1,717)
b) ARAM amortization	combined in (3) above		\$ (1,889)	\$ (390)
Total Temporary amounts	\$ (16,717)	\$ (2,685)	\$ (18,295)	\$ (3,250)

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

Column	Description	Avista Revenue Requirement			STAFF Washington Electric		STAFF Revenue Requirement @	STAFF Revenue Requirement @	Difference
		FILED CASE Washington Electric		at 7.69 %	NOI	Rate Base	7.69%	7.20%	
		NOI	Rate Base						
1.00	Results of Operations	110,557	1,444,926	901	\$110,557	1,444,926	901	-10514	0
1.01	Deferred FIT Rate Base	8	806	87	8	806	87	81	0
1.02	Deferred Debits and Credits	(8)	0	13	(8)	0	13	13	0
1.03	Working Capital	(30)	(3,006)	(324)	(71)	(7,278)	-789	-731	-465
	Actual	110,528	1,442,726	677	110,486	1,438,454	212	(11,151)	(465)
2.01	Eliminate B & O Taxes	(96)	0	154	(96)	0	154	154	0
2.02	Restate Property Tax	163	0	(262)	573	0	-926	(925)	(664)
2.03	Uncollect. Expense	(859)	0	1,386	(726)	0	1172	1,172	(214)
2.04	Regulatory Expense	(5)	0	7	(5)	0	7	7	0
2.05	Injuries and Damages	(98)	0	158	(98)	0	158	158	0
2.06	FIT/DFIT/ ITC Expense	(69)	0	111	(69)	0	111	111	0
2.07	Office Space Charges to Non-Utility	20	0	(33)	20	0	-33	(33)	0
2.08	Restate Excise Taxes	40	0	(65)	40	0	-65	(65)	0
2.09	Net Gains / Losses	61	0	(99)	61	0	-99	(99)	0
2.10	Weather Normalization	825	0	(1,332)	827	0	-1335	(1,334)	(3)
2.11	Eliminate Adder Schedules	0	0	0	0	0	0	0	0
2.12	Misc. Restating Non-Util / Non- Recurring Expenses	(969)	0	1,565	(969)	0	1565	1,564	0
2.13	Eliminate WA Power Cost Defer	4,386	0	(7,081)	4,388	0	-7084	(7,081)	(3)
2.14	Nez Perce Settlement Adjustment	3	0	(4)	3	0	-4	(4)	0
2.15	Restating Incentives	407	0	(657)	377	0	-609	(608)	48
2.16	Normalize CS2/Colstrip Major Maint	763	0	(1,232)	763	0	-1232	(1,231)	0
2.17	Restate Debt Interest	860	0	(1,388)	339	0	-547	(547)	841
2.18	Authorized Power Supply	(7,696)	0	12,425	(7,696)	0	12425	12,420	0
2.19	Restate Plant From AMA to EOP				680	69,691	7555	7,001	7,555
	Restated Total	\$108,264	\$1,442,726	\$4,330	\$108,899	\$1,508,145	\$11,425	(\$491)	\$7,095
Pro Forma Adjustments									
3.01	Pro Forma Trans/Power Sup Non-ERM Rev/Exp	(66)	0	106	(66)	0	106	106	0
3.02	Pro Forma Labor Non-Exec	(1,862)	0	3,005	(1,862)	0	3005	3,004	0
3.03	Pro Forma Labor Exec	21	0	(35)	21	0	-35	(35)	0
3.04	Pro Forma Employee Benefits	234	0	(378)	234	0	-378	(378)	0
3.05	Pro Forma Incentive Expenses	(77)	0	125	0	0	0	0	(125)
3.06	Pro Forma Property Tax	(1,598)	0	2,579	(1,264)	0	2040	2,039	(539)
3.07	Pro Forma IS/IT Expense	(451)	0	728	(451)	0	728	728	0
3.08	Pro Forma Revenue Normalization	(3,286)	0	5,305	(3,290)	0	5312	5,310	7
3.09	Pro Forma Def. Debits, Credits & Regulatory Amort	1,013	(5,346)	(2,298)	1,015	(5,346)	-2302	(2,258)	(4)
3.10	Pro Forma 2017 Threshold Capital Adds	(1,741)	34,911	7,145	(477)	8,700	1851	1,781	(5,294)
3.11	Pro Forma O&M Offsets	642	0	(1,036)	0	0	0	0	1,036
3.12	Pro Forma Director Fees Exp	(244)	0	394	0	0	0	0	(394)
3.13	PF Normalize CS2/Colstrip Major Maint	(226)	0	364	(226)	0	364	364	0
3.14	Pro Forma Underground Equip Inspection	(346)	0	558	(346)	0	558	558	0
3.15	EOP 2017 Capital Net Rate Base (EOP)				0	0	0	0	0
4.00	Pro Forma Power Supply & Transm Revs	(10,288)	0	16,609	0	0	0	0	(16,609)
	Pro Forma Total	\$89,991	\$1,472,291	\$37,501	\$102,188	\$1,511,499	\$22,674	\$10,727	(\$14,827)

Avista Proposed	37,501
Difference	(14,827)
ROR impact	(11,947)
	<u>10,727</u>

AVISTA UTILITIES
Restatement Summary
Washington Electric
TWELVE MONTHS ENDED DECEMBER 31, 2016

Column	WP Ref	Description of Adjustment	Washington Electric		
			NOI	Rate Base	ROR
Restating Adjustments					
1.00	E-ROO	Results of Operations	110,557	1,444,926	7.65%
1.01	E-DFIT	Deferred FIT Rate Base	8	806	
1.02	E-DDC	Deferred Debits and Credits	(8)	-	
1.03	E-WC	Working Capital	(71)	(7,278)	
2.01	E-EBO	Eliminate B & O Taxes	(96)	-	
2.02	E-RPT	Restate Property Tax	573	-	
2.03	E-UE	Uncollect. Expense	(726)	-	
2.04	E-RE	Regulatory Expense	(5)	-	
2.05	E-ID	Injuries and Damages	(98)	-	
2.06	E-FIT	FIT/DFIT/ ITC Expense	(69)	-	
2.07	E-OSC	Office Space Charges to Non-Utility	20	-	
2.08	E-RET	Restate Excise Taxes	40	-	
2.09	E-NGL	Net Gains / Losses	61	-	
2.10	E-WN	Weather Normalization	827	-	
2.11	E-EAS	Eliminate Adder Schedules	-	-	
2.12	E-MR	Misc. Restating Non-Util / Non- Recurring Expenses	(969)	-	
2.13	E-EWPC	Eliminate WA Power Cost Defer	4,388	-	
2.14	E-NPS	Nez Perce Settlement Adjustment	3	-	
2.15	E-RI	Restating Incentives	377	-	
2.16	E-PMM	Normalize CS2/Colstrip Major Maint	\$763	-	
2.17	E-RDI	Restate Debt Interest	339	-	
2.19	E-APS	Authorized Power Supply	(7,696)	-	
		Restated Total	<u>108,219</u>	<u>1,438,454</u>	<u>7.52%</u>
Pro Forma Adjustments					
3.01	E-PTR	Pro Forma Trans/Power Sup Non-ERM Rev/Exp	(66)	-	
3.02	E-PLN	Pro Forma Labor Non-Exec	(1,862)	-	
3.03	E-PLE	Pro Forma Labor Exec	21	-	
3.04	E-PEB	Pro Forma Employee Benefits	234	-	
3.05	E-PI	Pro Forma Incentive Expenses	-	-	
3.06	E-PPT	Pro Forma Property Tax	(1,264)	-	
3.07	E-CI	Pro Forma IS/IT Expense	(451)	-	
3.08	E-PREV	Pro Forma Revenue Normalization	(3,290)	-	
3.09	E-PRA	Pro Forma Def. Debits, Credits & Regulatory Amorts	1,015	(5,346)	
3.10	E-PCAP16	Pro Forma 2017 Threshold Capital Adds	(477)	8,700	
3.11	E-POFF	Pro Forma O&M Offsets	-	-	
3.12	E-PDF	Pro Forma Director Fees Exp	-	-	
3.13	E-PNM	PF Normalize CS2/Colstrip Major Maint	(226)	-	
3.14	E-PUEI	Pro Forma Underground Equip Inspection	(346)	-	
3.15	E-PUEI	EOP 2017 Capital Net Rate Base	\$0	-	
		Pro Forma Study (Step 1 increase excluding ERM net change)	<u>101,508</u>	<u>1,441,808</u>	<u>7.04%</u>
4.00	E-PPS	Pro Forma Power Supply & Transm Revs	-	-	
Total Pro Forma Study: Step 1 increases & Change above current P.S.:			<u>101,508</u>	<u>1,441,808</u>	<u>7.04%</u>
Other	CF WA Elec Conversion Factor				

AVISTA UTILITIES
ELECTRIC ADJUSTMENT SUMMARY
TWELVE MONTHS ENDED DECEMBER 31, 2016
(000'S OF DOLLARS)

Line No.	DESCRIPTION	PER RESULTS OF OPERATIONS REPORTS			
		ELECTRIC			
		System	Washington	Idaho	
REVENUES					
1	Total General Business	\$516,333	\$516,333	\$0	
2	Interdepartmental Sales	946	946	0	
3	Sales For Resale	78,098	78,098	0	
4	Total Sales of Electricity	595,377	595,377	0	
5	Other Revenue	81,735	81,735	0	
6	Total Electric Revenue	677,112	677,112	0	
EXPENSES					
Production and Transmission					
7	Operating Expenses	184,672	184,672	0	
8	Purchased Power	96,772	96,772	0	
9	Depreciation/Amortization	26,677	26,677	0	
10	Regulatory Amortization	4,312	4,310	2	
11	Taxes	14,904	14,904	0	
12	Total Production & Transmission	327,337	327,335	2	
Distribution					
13	Operating Expenses	21,420	21,420	0	
14	Depreciation/Amortization	27,913	27,913	0	
	Regulatory Amortization	0	0	0	
15	Taxes	45,258	45,258	0	
16	Total Distribution	94,591	94,591	0	
17	Customer Accounting	11,733	11,733	0	
18	Customer Service & Information	18,081	18,081	0	
19	Sales Expenses	0	0	0	
Administrative & General					
20	Operating Expenses	50,568	50,568	0	
21	Depreciation/Amortization	23,877	23,877	0	
22	Taxes	0	0	0	
23	Total Admin. & General	74,445	74,445	0	
24	Total Electric Expenses	526,187	526,185	2	
25	Operating Income before FIT	150,925	150,927	(2)	
Federal Income Taxes					
26	Current Accrual	35.0%	(25,741)	(25,741)	0
27	Debt Interest				
28	Deferred Income Taxes		66,436	66,436	0
29	Amortized ITC		(325)	(325)	0
30	NET OPERATING INCOME		\$110,555	\$110,557	(\$2)
RATE BASE					
PLANT IN SERVICE					
31	Intangible	\$156,057	\$156,057	\$0	
32	Production	832,833	832,833	0	
33	Transmission	430,613	430,613	0	
34	Distribution	970,455	970,455	0	
35	General	233,267	233,267	0	
36	Total Plant in Service	2,623,225	2,623,225	0	
ACCUMULATED DEPRECIATION/AMORTIZATION					
37	Intangible	(30,914)	(30,914)	\$0	
38	Production	(351,625)	(351,625)	\$0	
39	Transmission	(135,624)	(135,624)	\$0	
40	Distribution	(295,383)	(295,383)	\$0	
41	General	(80,093)	(80,093)	\$0	
42	Total Accumulated Depreciation	(893,639)	(893,639)	0	
43	NET PLANT BEFORE DFIT	1,729,586	1,729,586	0	
44	DFIT	(354,706)	(354,706)	0	
45	NET PLANT AFTER DFIT	1,374,880	1,374,880	0	
46	DEFERRED DEBITS AND CREDITS	4,566	4,566	0	
47	WORKING CAPITAL	65,480	65,480	0	
48	TOTAL RATE BASE	\$1,444,926	\$1,444,926	\$0	
		7.65%	7.65%		

AVISTA UTILITIES
Restate Debt Interest
Washington - Electric
TWELVE MONTHS ENDED DECEMBER 31, 2016
(000's)

Adjustment Description	Restate Debt Interest			Reconciliation
	2.17 Adjustment ROO	All other Adjustments	TOTAL	FIT Expense Line No. 27 Adjustments
1.00 Results of Operations	1,444,926		1,444,926	(338)
1.01 Deferred FIT Rate Base		806	806	(8)
1.02 Deferred Debits and Credits		-	-	-
1.03 Working Capital		(7,278)	-7,278	71
2.01 Eliminate B & O Taxes		-	0	-
2.02 Restate Property Tax		-	0	-
2.03 Uncollect. Expense		-	0	-
2.04 Regulatory Expense		-	0	-
2.05 Injuries and Damages		-	0	-
2.06 FIT/DFIT/ ITC Expense		-	0	-
2.07 Office Space Charges to Non-Utility		-	0	-
2.08 Restate Excise Taxes		-	0	-
2.09 Net Gains / Losses		-	0	-
2.10 Weather Normalization		-	0	-
2.11 Eliminate Adder Schedules		-	0	-
2.12 Misc. Restating Non-Util / Non- Recurring Expenses		-	0	-
2.13 Eliminate WA Power Cost Defer		-	0	-
2.14 Nez Perce Settlement Adjustment		-	0	-
2.16 Normalize CS2/Colstrip Major Maint		-	0	-
2.17 Restate Debt Interest		-	0	-
3.01 Pro Forma Trans/Power Sup Non-ERM Rev/Exp		-	0	-
3.02 Pro Forma Labor Non-Exec		-	0	-
3.03 Pro Forma Labor Exec		-	0	-
3.04 Pro Forma Employee Benefits		-	0	-
3.05 Pro Forma Incentive Expenses		-	0	-
3.06 Pro Forma Property Tax		-	0	-
3.07 Pro Forma IS/IT Expense		-	0	-
3.08 Pro Forma Revenue Normalization		-	0	-
3.09 Pro Forma Def. Debits, Credits & Regulatory Amorts		(5,346)	-5,346	52
3.10 Pro Forma 2017 Threshold Capital Adds		8,700	8,700	(85)
3.11 Pro Forma O&M Offsets		-	0	-
3.12 Pro Forma Director Fees Exp		-	0	-
3.13 PF Normalize CS2/Colstrip Major Maint		-	0	-
3.14 Pro Forma Underground Equip Inspection		-	0	-
3.15 EOP 2017 Capital Net Rate Base		-	0	-
Totals	1,444,926	(3,118)	1,441,808	
Weighted Average Cost of Debt	2.79%	2.79%		
Restated Debt Interest	40,270	(87)	40,183	(308)
Interest Per Results (E-FIT-12A)	39,302		39,302	
Increase (Decrease) in Interest Expense	968	(87)	881	
FIT Rate	0.35	0.35		
Increase (Decrease) in FIT	(339)	30	(309)	(308)
	2.17 Adjustment			

AVISTA UTILITIES

AVERAGE PRODUCTION AND TRANSMISSION COST
WASHINGTON ELECTRIC
TWELVE MONTHS ENDED DECEMBER 31, 2016

Line	Column	Description of Adjustment	(000's)	Production / Transmission					
				Revenue	Expense	Plant	Acc Depreciation	Deferred D/C	Deferred Tax
1	1.00	Per Results Report		155,763	327,335	1,332,351	(494,437)	6,880	(255,247)
2	1.01	Deferred FIT Rate Base		-	-	-	-	-	806
3	1.02	Deferred Debits and Credits		-	4	-	-	-	-
4	1.03	Working Capital		-	-	-	-	-	-
5	2.01	Eliminate B & O Taxes		-	-	-	-	-	-
6	2.02	Restate Property Tax		-	(181)	-	-	-	-
7	2.03	Uncollect. Expense		-	-	-	-	-	-
8	2.04	Regulatory Expense		-	-	-	-	-	-
9	2.05	Injuries and Damages		-	-	-	-	-	-
10	2.06	FIT/DFIT/ITC Expense		-	-	-	-	-	-
11	2.07	Office Space Charges to Non-Utility		-	-	-	-	-	-
12	2.08	Restate Excise Taxes		-	-	-	-	-	-
13	2.09	Net Gains / Losses		-	-	-	-	-	-
14	2.10	Weather Normalization		-	-	-	-	-	-
15	2.11	Eliminate Adder Schedules		-	12	-	-	-	-
16	2.12	Misc. Restating Non-Util / Non-Recurrin		-	(5)	-	-	-	-
17	2.13	Eliminate WA Power Cost Defer		-	(2,270)	-	-	-	-
18	2.14	Nez Perce Settlement Adjustment		-	(4)	-	-	-	-
19	2.16	Normalize CS2/Colstrip Major Maint		-	(4)	-	-	-	-
20	2.17	Restate Debt Interest		-	-	-	-	-	-
20	2.19	Authorized Power Supply		-	-	-	-	-	-
23	3.01	Pro Forma Trans/Power Sup Non-ERM Rev/Exp		-	-	-	-	-	-
23	3.02	Pro Forma Labor Non-Exec		-	-	-	-	-	-
23	3.03	Pro Forma Labor Exec		-	-	-	-	-	-
23	3.04	Pro Forma Employee Benefits		-	-	-	-	-	-
23	3.05	Pro Forma Incentive Expenses		-	-	-	-	-	-
23	3.06	Pro Forma Property Tax		-	-	-	-	-	-
23	3.07	Pro Forma IS/IT Expense		-	-	-	-	-	-
23	3.08	Pro Forma Revenue Normalization		-	-	-	-	-	-
23	3.09	Pro Forma Def. Debits, Credits & Regulatory Amorts		-	-	-	-	-	-
23	3.10	Pro Forma 2017 Threshold Capital Adds		-	-	-	-	-	-
23	3.11	Pro Forma O&M Offsets		-	-	-	-	-	-
23	3.12	Pro Forma Director Fees Exp		-	-	-	-	-	-
23	3.13	PF Normalize CS2/Colstrip Major Maint		-	-	-	-	-	-
23	3.14	Pro Forma Underground Equip Inspection		-	-	-	-	-	-
23	3.15	EOP 2017 Capital Net Rate Base		-	-	-	-	-	-
22	4.00	Pro Forma Power Supply & Transm Revs		-	-	-	-	-	-
37	Pro Forma Total			155,763	324,887	1,332,351	(494,437)	6,880	(254,441)

Proposed Production and Transmission Revenue Requirement

Calculation of Retail Revenue Credit Rate

Line	Prod/Trans	Pro Forma Rate Base	(\$000's)	Debt Cost
1	Prod/Trans	Pro Forma Rate Base	590,353	
2	Cost of Capital	Proposed Rate of Return	7.200%	2.79%
3	Rate Base	Net Operating Income Requirement	\$42,508	
4	Tax Effect	Net Operating Income Requirement (Rate Base x Debt Cost x .35%)	(\$5,759)	
5	Net Expense	Net Operating Income Requirement (Expense - Revenue)	169,124	
6	Tax Effect	Net Operating Income Requirement (Net Expense x .35%)	(\$59,193)	
7	Total Prod/Trans	Net Operating Income Requirement	\$146,680	
8	1 - Tax Rate	Conversion Factor (Excl. Rev. Rel. Exp.)	0.65	
9	Prod/Trans	Revenue Requirement	\$225,662	
10	Test Year WA Normalized Retail Load MWh		5,571,472	
11	Prod/Trans Rev Requirement per kWh		\$ 0.04050	
12	Cost of Service Energy Classified Production/Transmission Costs		\$198,823	
13	Cost of Service Total Production/Transmission Costs		\$289,281	
14	Retail Revenue Credit Rate per kWh (Line 11 * Line 12 / Line 13)		\$ 0.02784	Note - correction revises RRC from that filed, however, waiting on notification due to updates in gas costs which will probably occur during the process of this proceeding, also impacting the RRC.

AVISTA UTILITIES
WASHINGTON ELECTRIC RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2016
(000'S OF DOLLARS)

Line No.	DESCRIPTION	2019					
		2018 Pro Forma Total (1)	2019 Total Adjustments	2019 Adjusted Total	2018 Proposed Revenues & Related Exp	WITH 2019 PROPOSED RATES 2019 Proposed Revenues & Related Exp	2019 Proposed Total
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g</i>
REVENUES							
1	Total General Business	\$491,188	#REF!	#REF!	(\$14,871)	\$0	#REF!
2	Interdepartmental Sales	946	#REF!	#REF!	#REF!		#REF!
3	Sales for Resale	57,325	#REF!	#REF!	#REF!		#REF!
4	Total Sales of Electricity	549,459	#REF!	#REF!	#REF!	-	#REF!
5	Other Revenue	13,300	#REF!	#REF!	#REF!		#REF!
6	Total Electric Revenue	562,759	#REF!	#REF!	#REF!	-	#REF!
EXPENSES							
Production and Transmission							
7	Operating Expenses	135,745	#REF!	#REF!			#REF!
8	Purchased Power	77,131	#REF!	#REF!			#REF!
9	Depreciation/Amortization	26,677	#REF!	#REF!			#REF!
10	Regulatory Amortization	3,312	#REF!	#REF!			#REF!
11	Taxes	16,119	#REF!	#REF!			#REF!
12	Total Production & Transmission	258,984	#REF!	#REF!	-	-	#REF!
Distribution							
13	Operating Expenses	22,477	#REF!	#REF!			#REF!
14	Depreciation/Amortization	28,055	#REF!	#REF!			#REF!
15	Regulatory Amortization	-	#REF!	#REF!			#REF!
16	Taxes	27,087	#REF!	#REF!	(572)	-	#REF!
17	Total Distribution	77,619	#REF!	#REF!	(572)	-	#REF!
18	Customer Accounting	13,092	#REF!	#REF!	(92)	-	#REF!
19	Customer Service & Information	1,430	#REF!	#REF!			#REF!
20	Sales Expenses	-	#REF!	#REF!			#REF!
Administrative & General							
21	Operating Expenses	50,492	#REF!	#REF!	(30)	-	#REF!
22	Depreciation/Amortization	24,506	#REF!	#REF!			#REF!
23	Taxes	-	#REF!	#REF!			#REF!
24	Total Admin. & General	74,998	#REF!	#REF!	(30)	-	#REF!
25	Total Electric Expenses	426,123	#REF!	#REF!	(694)	-	#REF!
26	OPERATING INCOME BEFORE FIT	136,636	#REF!	#REF!	#REF!	-	#REF!
FEDERAL INCOME TAX							
27	Current Accrual	(31,767)	#REF!	#REF!	(4,962)	-	#REF!
28	Debt Interest	(649)	#REF!	#REF!			#REF!
29	Deferred Income Taxes	67,191	#REF!	#REF!			#REF!
30	Amortized Investment Tax Credit	(326)	#REF!	#REF!			#REF!
31	NET OPERATING INCOME	\$102,188	#REF!	#REF!	#REF!	\$0	#REF!
RATE BASE							
PLANT IN SERVICE							
32	Intangible	\$163,234	#REF!	#REF!			#REF!
33	Production	874,076	#REF!	#REF!			#REF!
34	Transmission	446,138	#REF!	#REF!			#REF!
35	Distribution	1,013,934	#REF!	#REF!			#REF!
36	General	242,579	#REF!	#REF!			#REF!
37	Total Plant in Service	2,739,961	#REF!	#REF!	-	-	#REF!
ACCUMULATED DEPRECIATION							
38	Intangible	(34,313)	#REF!	#REF!			#REF!
39	Production	(347,038)	#REF!	#REF!			#REF!
40	Transmission	(136,127)	#REF!	#REF!			#REF!
41	Distribution	(305,178)	#REF!	#REF!			#REF!
42	General	(83,644)	#REF!	#REF!			#REF!
43	Total Accumulated Depreciation	(906,300)	#REF!	#REF!	-	-	#REF!
44	NET PLANT BEFORE DFIT	1,833,661	#REF!	#REF!	-	-	#REF!
45	DEFERRED TAXES	(379,586)	#REF!	#REF!			#REF!
46	NET PLANT AFTER DFIT	1,454,075	#REF!	#REF!	-	-	#REF!
47	DEFERRED DEBITS AND CREDITS	(778)	#REF!	#REF!			#REF!
48	WORKING CAPITAL	58,202	#REF!	#REF!			#REF!
50	TOTAL RATE BASE	\$1,511,499	#REF!	#REF!	\$0	\$0	#REF!
51	RATE OF RETURN	6.76%		#REF!			#REF!