#### AVISTA UTILITIES WASHINGTON ELECTRIC RESULTS TWELVE MONTHS ENDED DECEMBER 31, 2016

	S OF DOLLARS)			May 1, 2018	**********	
Line		Actual Per Results	TH PRESENT RATES	05.2018 Adjusted	Proposed Revenues &	POSED RATES 2018 Proposed
No.	DESCRIPTION	Report	Adjustments	Total (1)	Related Exp	Total
	а	b	c	d	e	f
	REVENUES					
1	Total General Business	\$516,333	(\$25,145)	\$491,188	(\$14,871)	\$476,31
2	Interdepartmental Sales	946	-	946		94
3	Sales for Resale	78,098	(20,773)	57,325	(4.4.0=4)	57,32
4	Total Sales of Electricity	595,377	(45,918)	549,459	(14,871)	534,58
5 6	Other Revenue Total Electric Revenue	81,735 677,112	(68,435)	13,300 562,759	(14,871)	13,30 547,88
	EXPENSES	,	,,	,,,,,,	( )== /	,
	Production and Transmission					
7	Operating Expenses	184,672	(48,927)	135,745		135,74
8	Purchased Power	96,772	(19,641)	77,131		77,13
9	Depreciation/Amortization	26,677	-	26,677		26,6
10	Regulatory Amortization	4,310	(998)	3,312		3,3
11	Taxes	14,904	1,215	16,119		16,1
12	Total Production & Transmission	327,335	(68,351)	258,984	-	258,9
	Distribution					
13	Operating Expenses	21,420	1,057	22,477		22,47
14	Depreciation/Amortization	27,913	142	28,055		28,0
15	Regulatory Amortization	-	-	-		
16	Taxes	45,258	(18,171)	27,087	(572)	26,5
17	Total Distribution	94,591	(16,972)	77,619	(572)	77,0
18	Customer Accounting	11,733	1,359	13,092	(92)	13,0
19	Customer Service & Information	18,081	(16,651)	1,430	, ,	1,4
20	Sales Expenses	-	-	-		
	Administrative & General					
21	Operating Expenses	50,568	(76)	50,492	(30)	50,4
22	Depreciation/Amortization	23,877	629	24,506		24,5
23	Taxes	<u>-</u>	-	-		
24	Total Admin. & General	74,445	553	74,998	(30)	74,9
25	Total Electric Expenses	526,185	(100,062)	426,123	(694)	425,4
26	OPERATING INCOME BEFORE FIT	150,927	(14,291)	136,636	(14,177)	122,4
	FEDERAL INCOME TAX					
27	Current Accrual	(25,741)	(6,026)	(31,767)	(4,962)	(36,7
28	Debt Interest	-	(649)	(649)		(6
29	Deferred Income Taxes	66,436	755	67,191		67,1
30	Amortized Investment Tax Credit	(325)	(1)	(326)		(3:
31	NET OPERATING INCOME	\$110,557	(\$8,369)	\$102,188	(\$9,215)	\$92,9
	RATE BASE					
32	PLANT IN SERVICE Intangible	\$156,057	¢7 177	\$163,234		\$163,2
32 33	Production	\$156,057 832,833	\$7,177 41,243	\$163,234 874,076		\$163,2 874,0
33 34	Transmission	430,613	41,243 15,525	446,138		874,0 446,1
	Distribution	970,455	43,479	1,013,934		1,013,9
	Distribution	770,133	9,313			242,5
35	General	233 266				2 :2,8
35 36	General Total Plant in Service	233,266		242,579 2,739,961	_	2,739,9
35 36	General Total Plant in Service ACCUMULATED DEPRECIATION	233,266 2,623,224	116,737	2,739,961	-	2,739,9
35 36 37	Total Plant in Service				-	
35 36 37 38	Total Plant in Service ACCUMULATED DEPRECIATION	2,623,224	116,737	2,739,961	-	(34,3
35 36 37 38 39 40	Total Plant in Service ACCUMULATED DEPRECIATION Intangible Production Transmission	2,623,224 (30,914) (351,625) (135,624)	(3,399) 4,587 (503)	2,739,961 (34,313) (347,038) (136,127)	-	(34,3 (347,0 (136,1
35 36 37 38 39 40 41	Total Plant in Service ACCUMULATED DEPRECIATION Intangible Production Transmission Distribution	2,623,224 (30,914) (351,625) (135,624) (295,383)	(3,399) 4,587 (503) (9,795)	2,739,961 (34,313) (347,038) (136,127) (305,178)	-	(34,3 (347,0 (136,1 (305,1
35 36 37 38 39 40 41 42	Total Plant in Service ACCUMULATED DEPRECIATION Intangible Production Transmission Distribution General	2,623,224 (30,914) (351,625) (135,624) (295,383) (80,093)	(3,399) 4,587 (503) (9,795) (3,551)	2,739,961 (34,313) (347,038) (136,127) (305,178) (83,644)		(34,3 (347,0 (136,1 (305,1 (83,6
35 36 37 38 39 40 41 42 43	Total Plant in Service ACCUMULATED DEPRECIATION Intangible Production Transmission Distribution General Total Accumulated Depreciation	2,623,224 (30,914) (351,625) (135,624) (295,383) (80,093) (893,639)	(3,399) 4,587 (503) (9,795) (3,551) (12,661)	2,739,961 (34,313) (347,038) (136,127) (305,178) (83,644) (906,300)	-	(34,3 (347,0 (136,1 (305,1 (83,6 (906,3
35 36 37 38 39 40 41 42 43 44	Total Plant in Service  ACCUMULATED DEPRECIATION  Intangible Production Transmission Distribution General  Total Accumulated Depreciation NET PLANT BEFORE DFIT	2,623,224 (30,914) (351,625) (135,624) (295,383) (80,093) (893,639) 1,729,585	(3,399) 4,587 (503) (9,795) (3,551) (12,661) 104,076	2,739,961 (34,313) (347,038) (136,127) (305,178) (83,644) (906,300) 1,833,661		(34,3 (347,0 (136,1 (305,1 (83,6 (906,3
35 36 37 38 39 40 41 42 43 44 45	Total Plant in Service ACCUMULATED DEPRECIATION Intangible Production Transmission Distribution General Total Accumulated Depreciation NET PLANT BEFORE DFIT DEFERRED TAXES	2,623,224 (30,914) (351,625) (135,624) (295,383) (80,093) (893,639) 1,729,585 (354,707)	(3,399) 4,587 (503) (9,795) (3,551) (12,661) 104,076 (24,879)	2,739,961 (34,313) (347,038) (136,127) (305,178) (83,644) (906,300) 1,833,661 (379,586)	- -	(34,3 (347,0 (136,1 (305,1 (83,6 (906,3 1,833,6 (379,5
35 36 37 38 39 40 41 42 43 44 45 46	Total Plant in Service ACCUMULATED DEPRECIATION Intangible Production Transmission Distribution General Total Accumulated Depreciation NET PLANT BEFORE DFIT DEFERRED TAXES NET PLANT AFTER DFIT	2,623,224  (30,914) (351,625) (135,624) (295,383) (80,093) (893,639) 1,729,585 (354,707) 1,374,878	(3,399) 4,587 (503) (9,795) (3,551) (12,661) 104,076 (24,879) 79,197	2,739,961 (34,313) (347,038) (136,127) (305,178) (83,644) (906,300) 1,833,661 (379,586) 1,454,075		(34,3 (347,0 (136,1 (305,1 (83,6 (906,3 1,833,6 (379,5 1,454,0
35 36 37 38 39 40 41 42 43 44 45 46	Total Plant in Service ACCUMULATED DEPRECIATION Intangible Production Transmission Distribution General Total Accumulated Depreciation NET PLANT BEFORE DFIT DEFERRED TAXES NET PLANT AFTER DFIT	2,623,224  (30,914) (351,625) (135,624) (295,383) (80,093) (893,639) 1,729,585 (354,707) 1,374,878 4,568	(3,399) 4,587 (503) (9,795) (3,551) (12,661) 104,076 (24,879) 79,197 (5,346)	2,739,961 (34,313) (347,038) (136,127) (305,178) (83,644) (906,300) 1,833,661 (379,586) 1,454,075 (778)	- -	(34,3 (347,0 (136,1 (305,1 (83,6 (906,3 1,833,6 (379,5 1,454,0
35 36 37 38 39 40 41 42 43 44 45 46	Total Plant in Service ACCUMULATED DEPRECIATION Intangible Production Transmission Distribution General Total Accumulated Depreciation NET PLANT BEFORE DFIT DEFERRED TAXES	2,623,224  (30,914) (351,625) (135,624) (295,383) (80,093) (893,639) 1,729,585 (354,707) 1,374,878	(3,399) 4,587 (503) (9,795) (3,551) (12,661) 104,076 (24,879) 79,197	2,739,961 (34,313) (347,038) (136,127) (305,178) (83,644) (906,300) 1,833,661 (379,586) 1,454,075	- -	2,739,90 (34,3 (347,0) (136,1) (305,1) (83,6) (906,3) 1,833,6) (379,5) 1,454,0) (7' 58,20

# AVISTA UTILITIES CALCULATION OF <u>REQUESTED</u> GENERAL REVENUE REQUIREMENT WASHINGTON ELECTRIC TWELVE MONTHS ENDED DECEMBER 31, 2016

		Requested Base Rate Change 5/1/2018
Line No.	<b>Description</b>	(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 Billed General Business Revenues	\$511,823
11	Percentage Revenue Increase	-2.91%

#### AVISTA UTILITIES PROPOSED COST OF CAPITAL WASHINGTON ELECTRIC

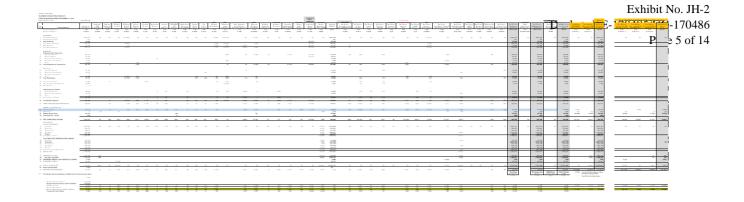
Proposed Capital Structure\*

Component	Capital Structure	Cost	Weighted Cost
Short-Term Deb Long-Term Deb_	2.90% 48.60%	3.26% 5.54% _	0.09% 2.69%
Total Debt	51.50%		2.787%
Common	48.50%	9.10%	4.414%
Total =	100.00%	_ =	7.20%

<sup>\*</sup> 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
2	Expense: 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



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

### Summary Table Revenue Requirement After TCJA (000s)

	AVIS	TA			ST	4FF	
Effective May 1, 2018	WA Electric	WA Gas		ļ	WA Electric		WA Gas
Avista Rebuttal position	\$ 54,387	\$ 6,630	Staff original position	\$	10,034	\$	1,107
			Brief Position (Revenue Requirement increase due to accepting Avista's property tax Adj. 3.06)	\$	694	n	o change
			Staff current position	\$	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	Adjusted Staff position (Base Tariff)	\$	(14,871)	\$	(4,135)

#### **Temporary Reductions:**

(NOTE: For <u>electric</u> 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 <u>natural gas</u> service, Staff recommends these amounts be returned to customers over one year through Schedule 174 beginning May 1, 2018)

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

# AVISTA UTILITIES WASHINGTON NATURAL ELECTRIC RESULTS TWELVE MONTHS ENDED DECEMBER 31, 2016

#### Federal Income Taxes Embedded in Allowed Rates Calculation of Adjustment 5.04 Jan.-Apr. 2018 Deferral

Last Approved Case		WA Electric UE-150204		*From Knox Functionalization work papers, UE-170485
		Order No. 5		
				Normalized usage
Rate Base	Appendix A	1,315,891		Electric*
Weighted Cost of Equity	Appendix C, page 2	4.61%	Jan	556,116,924
Weighted Cost of Debt	Appendix C, page 2	2.68%	Feb	486,363,482
Allowed Rate of Return	Appendix C, page 2	7.29%	Mar	477,534,770
			Apr	431,246,457
Equity Return		60,663	May	432,472,926
Interest		35,266	Jun	424,693,280
Total Return (N	let Income Requirement)	95,928	Jul	490,670,110
			Aug	464,617,267
Pre-Tax Equity Return	35%	93,327	Sep	435,934,058
Implied Tax Cost		32,664	Oct	436,958,679
			Nov	468,856,066
Pre-Tax Equity Return	21%	76,788	Dec	553,149,691
Implied Tax Cost		16,125	Total	5,658,613,712
TCJI Annual Savings		(16,539)		Jan-Apr proportion
Р	re-tax Conversion Factor	0.953323		of annual load
Annual Revenue Requirem	nent	(17,349)		Electric 0.34483033
Jan-Apr Deferred Rev Reg	(in 000's)	(5,982)		

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

Deliminate   Del			FILED	CASE	Avista Revenue	STA		STAFF Revenue	STAFF Revenue	
100   Results of Operations					Requirement				Requirement @	Difference
10   Deferred PDF tane Base										
10.2   Deferred Debris and Credits										0
Working Capital										0
Actual			` '			` '				0
2.01   Eliminate B & O Taxes   96   0	1.03	C 1								-465
20.2   Restate Property Tax   163   0   (262)   573   0   9.926   (925)   (664)		Actual	110,528	1,442,726	677	110,486	1,438,454	212	(11,151)	(465)
2.03   Uncollect Expense   (859)   0			` '			` '				
2.04   Regulatory Expense		1 5			` ′		-		` '	(664)
2.05   Injuries and Damages		•	` ,		,		-		,	(214)
2.06   FTDFTT ITC Expense   (69)   0		0		-			-			
2.07 Office Space Charges to Non-Utility 20 0 (33) 20 0 -33 (33) 0 (20) Restate Excise Taxes 40 0 (65) 40 0 -65 (65) 0 (20) Net Chains / Losses 61 0 (99) 61 0 -99 (99) 0 (21) Weather Normalization 825 0 (1,332) 827 0 -1335 (1,334) (3) (3) (21) Weather Normalization 825 0 (1,332) 827 0 -1335 (1,334) (3) (3) (21) Weather Normalization 825 0 (1,332) 827 0 -1335 (1,334) (3) (3) (21) Weather Normalization 825 0 (1,332) 827 0 -1335 (1,334) (3) (3) (3) (3) (3) (4) (4) (4) (4) (4) (4) (4) (4) (4) (4		5	` ,			` '	-			
2.08   Restate Excise Taxes		•	` ,	-			-			
2.09   Net Gains / Losses	2.07			-	(33)	20	-		(33)	
2.10   Weather Normalization   825   0   (1,332)   827   0   -1335   (1,334)   (3, 2)   1   Eliminate Adder Schedules   0   0   0   0   0   0   0   0   0	2.08		40	-	, ,	40	-			
2.11   Eliminate Adder Schedules	2.09	Net Gains / Losses		-	(99)	61		-99	(99)	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 CSZ/Oststrip 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	2.10	Weather Normalization		-			-		(1,334)	(3)
2.13   Eliminate WA Power Cost Defer	2.11	Eliminate Adder Schedules		-			-	0		
2.14   Nez Perce Settlement Adjustment   3	2.12		` ,	-	,	, ,	-		,	0
2.15 Restating Incentives					(7,081)		-			(3)
2.16   Normalize CS2/Colstrip Major Maint   763   0   (1,232)   763   0   -1232   (1,231)   0	2.14			-						
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 Restated Total 5108,264 \$1,442,726 \$4,330 \$108,899 \$1,508,145 \$11,425 \$(491) \$7,555 7,001 7,001 7				-	` '		-			
2.18 Authorized Power Supply         (7,696)         0         12,425         (7,696)         0         12,425         12,420         0           2.19 Restate Plant From AMA to EOP         S108,264         \$1,442,726         \$4,330         \$108,899         \$1,508,145         \$11,425         \$(491)         \$7,555           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 Non-Exec         (1,862)         0         3,005         (1,862)         0         3005         3,004         0           3.03 Pro Forma Lobor Exec         21         0         (355)         21         0         -355         (35)         0           3.04 Pro Forma Employee Benefits         234         0         (378)         234         0         -378         (378)         0           3.05 Pro Forma Property Tax         (1,598)         0         2,579         (1,264)         0         2040         2,039         (539,307)         0	2.16	1 0		-			0			
Restate Plant From AMA to EOP   S108,264   \$1,442,726   \$4,330   \$108,899   \$1,508,145   \$11,425   \$(\$491)   \$7,095     Pro Forma Adjustments	2.17		860		(1,388)		9		` '	
Restated Total   \$108,264   \$1,442,726   \$4,330   \$108,899   \$1,508,145   \$11,425   \$(\$491)   \$7,095	2.18	Authorized Power Supply	(7,696)	0	12,425	(7,696)	· ·		12,420	0
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 Non-Exec 21 0 (35) 21 0 -35 (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 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 Incentive Expenses (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 Director Fees Exp (244) 0 394 0 0 0 0 0 0 0  3.12 Pro Forma Director Fees Exp (244) 0 394 0 0 0 0 0 0 0 0  3.13 Pro Forma Director Fees Exp (244) 0 394 0 0 0 0 0 0 0 0 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 0 0 (16,609)	2.19	•								
3.01 Pro Forma Trans/Power Sup Non-ERM Rev/Exp (66) 0 106 (66) 0 106 106 106 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 Non-Exec 21 0 (35) 21 0 -35 (35) 0 3.04 Pro Forma Labor Exec 21 0 (378) 234 0 -378 (378) 0 3.04 Pro Forma Incentive Expenses (77) 0 125 0 0 0 0 0 0 0 (125) 3.06 Pro Forma Incentive Expenses (77) 0 125 0 0 0 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 (451) 0 728 728 728 0 3.08 Pro Forma Revenue Normalization (3,286) 0 5,305 (3,290) 0 5312 5,310 7 7 3.09 Pro Forma Def. Debits, Credits & Regulatory Amort 1,013 (5,346) (2,298) 1,015 (5,346) -2302 (2,258) (4,310 Pro Forma O&M Offsets 642 0 (1,036) 0 0 0 0 0 0 0 0 (394) 3.11 Pro Forma O&M Offsets 642 0 (1,036) 0 0 0 0 0 0 0 0 (394) 3.12 Pro Forma Director Fees Exp (244) 0 394 0 0 0 0 0 0 0 (394) 3.13 Pro Forma Director Fees Exp (244) 0 394 0 0 0 0 0 0 0 (394) 3.13 Pro Forma Director Fees Exp (244) 0 394 0 0 0 0 558 558 558 0 3.14 Pro Forma Underground Equip Inspection (346) 0 558 (346) 0 558 558 558 0 0 0 16,609 Pro Forma Power Supply & Transm Revs (10,288) 0 16,609 0 0 0 0 0 0 0 0 (16,609)		:	\$108,264	\$1,442,726	\$4,330	\$108,899	\$1,508,145	\$11,425	(\$491)	\$7,095
3.02 Pro Forma Labor Non-Exec		5								
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 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 Incentive Expenses (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) (4,310 Pro Forma O&M Offsets 642 0 (1,036) 0 0 0 1851 1,781 (5,294) 3.11 Pro Forma O&M Offsets 642 0 (1,036) 0 0 0 0 0 0 0 1,036 3.12 Pro Forma Director Fees Exp (244) 0 394 0 0 0 0 0 0 0 394 3.13 PF Normalize CS2/Colstrip Major Maint (226) 0 364 (226) 0 364 (226) 0 364 364 364 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)			` ,							
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 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) 0 728 728 728 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) (4,4,5,1) 1,015 (5,346) (2,298) 1,015 (5,346) 1,781 (5,294) 3.10 Pro Forma 2017 Threshhold 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 0 0 1,036 3.12 Pro Forma Director Fees Exp (244) 0 394 0 0 0 0 0 0 0 (394) 3.13 PF Normalize CSZ/Colstrip Major Maint (226) 0 364 (226) 0 364 364 364 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 0 (16,609)					,	. , ,	-			
3.05 Pro Forma Incentive Expenses (77) 0 125 0 0 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) 0 728 728 728 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) (4,310) Pro Forma 2017 Threshhold 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 0 0 1,036 3.12 Pro Forma Director Fees Exp (244) 0 394 0 0 0 0 0 0 0 (394) 3.13 PF Normalize CSZ/Colstrip Major Maint (226) 0 364 (226) 0 364 364 364 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 0 (16,609)				-	` '		0		` '	
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 (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 Threshhold 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 0 1,036 3.12 Pro Forma Director Fees Exp (244) 0 394 0 0 0 0 0 0 304 3.13 Pro Forma Director Fees Exp (244) 0 394 0 0 0 0 0 0 (394) 3.13 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 0 0 (16,609)					` ′		9		` '	
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 Threshhold 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 0 0 1,036 3.12 Pro Forma Director Fees Exp (244) 0 394 0 0 0 0 0 0 0 (394) 3.13 PF Normalize CS2/Colstrip Major Maint (226) 0 364 (226) 0 364 364 364 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 16,609 0 0 0 0 0 0 (16,609)			` ,	-		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 Threshhold 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 0 0 1,036 3.12 Pro Forma Director Fees Exp (244) 0 394 0 0 0 0 0 0 394 3.13 PF Normalize CS2/Colstrip Major Maint (226) 0 364 (226) 0 364 364 364 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 0 0 0 0 0 0 0 0 0 0 0 0 0 0				-	,		-		,	` '
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 Threshhold 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       0       0       1,036         3.12       Pro Forma Director Fees Exp       (244)       0       394       0       0       0       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       0       0       0       0       0       16,609       0       0       0       0       0       0       16,609       0       0       0       0       <				-						
3.10       Pro Forma 2017 Threshhold 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       0       1,036         3.12       Pro Forma Director Fees Exp       (244)       0       394       0       0       0       0       0       0       394         3.13       PF Normalize CSZ/Colstrip Major Maint       (226)       0       364       (226)       0       364       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       0       0       0       0       0       0       16,609       0       0       0       0       0       (16,609)       0       0       0       0       0       16,609       0       0       0       0       0       0       0       0       0       0       0       0       0       0       0				-	,		-		,	
3.11       Pro Forma O&M Offsets       642       0       (1,036)       0       0       0       0       0       1,036         3.12       Pro Forma Director Fees Exp       (244)       0       394       0       0       0       0       0       394         3.13       PF Normalize CS2/Colstrip Major Maint       (226)       0       364       (226)       0       364       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<						,	. , ,			` '
3.12       Pro Forma Director Fees Exp       (244)       0       394       0       0       0       0       0       394         3.13       PF Normalize CS2/Colstrip Major Maint       (226)       0       364       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       0         4.00       Pro Forma Power Supply & Transm Revs       (10,288)       0       16,609       0       0       0       0       0       (16,609)					,	( ,			,	
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       0       0       0         4.00       Pro Forma Power Supply & Transm Revs       (10,288)       0       16,609       0       0       0       0       0       (16,609)				-			-			,
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			` ,	-		-	-	-		` '
3.15 EOP 2017 Capital Net Rate Base (EOP) 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0			( - /	-		` '	-			
4.00 Pro Forma Power Supply & Transm Revs (10,288) 0 16,609 0 0 0 (16,609)			(346)	0	558	(/	-			
Pro Forma Total \$89,991 \$1,472,291 <b>\$37,501</b> \$102,188 \$1,511,499 \$22,674 <b>\$10,727</b> (\$14,827)	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)
	10,727

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#### AVISTA UTILITIES

### Restatement Summary

## Washington Electric TWELVE MONTHS ENDED DECEMBER 31, 2016

C-1	WD D - f	Description of Adirectorent		shington Elec	
Column	WP Ref	Description of Adjustment	NOI	Rate Base	ROR
estating A	•	P. I. CO. C	110.557	1 444 006	7.650
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	_	
2.13	E-EWIC E-NPS	Nez Perce Settlement Adjustment	4,366	-	
2.14		,		-	
	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)	1 420 454	<b>5.530</b> /
		Restated Total	108,219	1,438,454	7.52%
	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 Threshhold 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)	_	
3.14			. ,	-	
5.15	E-PUEI	EOP 2017 Capital Net Rate Base Pro Forma Study (Step 1 increase excluding ERM net change)	\$0 101,508	1,441,808	7 04%
		1101 offina study (step 1 increase excluding Extivi flet change)	101,500	1,771,000	7.07/0
	E DDC	Pro Forma Power Supply & Transm Revs			
4.00	E-PPS	FIO Forma Fower Supply & Transm Revs	_	-	

Other CF WA Elec Conversion Factor

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

#### PER RESULTS OF OPERATIONS REPORTS ELECTRIC

Line No.					
1	DESCRIPTION		System	Washington	Idaho
1	REVENUES				
	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 6	Other Revenue Total Electric Revenue	_	81,735 677,112	81,735 677,112	0
Ü			077,112	077,112	Ü
	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 11	Regulatory Amortization Taxes		4,312	4,310	2
12	Total Production & Transmission	_	14,904 327,337	14,904 327,335	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 23	Taxes 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 27	Current Accrual Debt Interest	35.0%	(25,741)	(25,741)	0
28	Deferred Income Taxes		66,436	66,436	0
29	Amortized ITC		(325)	(325)	0
30	NET OPERATING INCOME		\$110,555	\$110,557	(\$2)
30	NET OFERATING INCOME	_	\$110,333	\$110,337	(\$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
37	ACCUMULATED DEPRECIATION/AMORTIZATION Intangible		(30,914)	(30,914)	\$0
	Production		(351,625)	(351,625)	\$0
	Transmission		(135,624)	(135,624)	\$0
38 39			(295,383)	(295,383)	\$0
38	Distribution				
38 39 40 41	General		(80,093)	(80,093)	\$0
38 39 40 41 42	General Total Accumulated Depreciation	_	(893,639)	(893,639)	\$0 0
38 39 40 41 42 43	General Total Accumulated Depreciation NET PLANT BEFORE DFIT	_	(893,639) 1,729,586	(893,639) 1,729,586	\$0 0 0
38 39 40 41 42 43	General Total Accumulated Depreciation NET PLANT BEFORE DFIT DFIT	_	(893,639) 1,729,586 (354,706)	(893,639) 1,729,586 (354,706)	\$0 0 0
38 39 40 41 42 43 44 45	General Total Accumulated Depreciation NET PLANT BEFORE DFIT DFIT NET PLANT AFTER DFIT	_	(893,639) 1,729,586 (354,706) 1,374,880	(893,639) 1,729,586 (354,706) 1,374,880	\$0 0 0 0
38 39 40 41 42 43	General Total Accumulated Depreciation NET PLANT BEFORE DFIT DFIT	_	(893,639) 1,729,586 (354,706)	(893,639) 1,729,586 (354,706)	\$0 0 0
38 39 40 41 42 43 44 45 46	General Total Accumulated Depreciation NET PLANT BEFORE DFIT DFIT NET PLANT AFTER DFIT DEFERRED DEBITS AND CREDITS	_	(893,639) 1,729,586 (354,706) 1,374,880 4,566	(893,639) 1,729,586 (354,706) 1,374,880 4,566	\$0 0 0 0 0 0

#### **AVISTA UTILITIES**

#### **Restate Debt Interest**

# Washington - Electric TWELVE MONTHS ENDED DECEMBER 31, 2016 (000's)

	(000's)				Reconciliation	
			FIT Expense			
	A Hardward Description	2.17 Adjustment	All other	TOTAL	Line No. 27 Adjustments	
1.00	Adjustment Description Results of Operations	ROO 1,444,926	Adjustments	TOTAL 1,444,926	Adjustments (338)	
1.00	Deferred FIT Rate Base	1,444,920	806	806	(8)	
1.01	Deferred Debits and Credits		800	800	(6)	
1.02	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 Threshhold 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 3.15	Pro Forma Underground Equip Inspection 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

				Production / Transmission				
Line	Column	Description of Adjustment (000)		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- Recurr	rin -	(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	1 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 & Regu	ıla <mark>tory Amorts</mark>		-	-	-	-
23	3.10	Pro Forma 2017 Threshhold Capital Ad	dd <mark>s</mark>		-	-	-	-
23	3.11	Pro Forma O&M Offsets			-	-	-	-
23	3.12	Pro Forma Director Fees Exp			-	-	-	-
23	3.13	PF Normalize CS2/Colstrip Major Main	nt		-	-	-	-
23	3.14	Pro Forma Underground Equip Inspect	io <mark>n</mark>		-	-	-	-
23	3.15	EOP 2017 Capital Net Rate Base			-	-	-	-
22	4.00	Pro Forma Power Supply & Transm Re	evs		-	-	-	-
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 1	Prod/Trans	Pro Forma Rate Base	(	\$000's) 590,353	Debt Cost
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 x35%)		(\$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 Norr	nalized Retail Load MWh		5,571,472	
11	Prod/Trans Rev Rev	quirement per kWh	\$	0.04050	
12	Cost of Service Ene	rgy Classified Production/Transmission Costs		\$198,823	
13	Cost of Service Total	al Production/Transmission Costs		\$289,281	
14	Retail Revenue Cre	dit Rate per kWh (Line 11 * Line 12 / Line 13)	\$	•	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

Per	(000'S	S OF DOLLARS)	2019								
Inter	(	· · · · · · · · · · · · · · · · · · ·					WITH 2019 PROP	OSED RATES			
Inter			2018	2019	2019	2018 Proposed					
Profession	Line					_	=				
## REVINITES   Trail General Business								_			
REVENUES											
March   Marc							·	, and the second			
March   Marc		REVENUES									
1	1		\$491 188	#REF!	#REF!	(\$14.871)	\$0	#REF!			
1							**				
Total Sales of Electricity		•									
Control Revoume   13.00   MEDF   MEDF   MEDF   MEDF   MEDF   MEDF							_				
Total Ectoric Revowne											
Publication and Transmission   Procession   Procession	6	Total Electric Revenue					-				
Publication and Transmission   Procession   Procession											
67         Operating Expones         15.7.15         RREP         MREP         RREP           88         Persication/Amerization         26.677         RREP         MREP         RREP         RREP           10         Regularon/Amerization         3.2.3         RREP         MREP          RREP           11         Taxes         16.19         RREP            RREP           12         Total Poduction & Transmission         28.93         RREP   <		EXPENSES									
Section   Process		Production and Transmission									
9 Depreciation/amerization         26,077         RREP         SREP         CREP         RREP         RREP           10 Rogal Amerization         32,32         48,67         AREP         0.0         AREP           12 Tous         16,19         48,67         AREP         0.0         0.0         AREP           Institution         28,08         48,67         AREP         AREP         AREP         AREP         AREP           10 Concentration         28,08         48,67         AREP         AREP         AREP         AREP           10 Tous         71,00         40,67         40,67         0.0         AREP           10 Conservaciva function         77,00         40,67         40,67         0.0         AREP           10 Conservaciva function         11,40         48,67         40,70         0.0         AREP           10 Conservaciva function         11,40         48,67         40,67         0.0         AREP           10 Conservaciva function         14,40         48,67         40,67         0.0         AREP           10 Conservaciva function         14,40         48,67         48,67         0.0         AREP           10 Conservaciva function         14,40	7	Operating Expenses	135,745	#REF!	#REF!			#REF!			
10   Regulatory Amoritation   3.12   84EF   87EF   97EF   97EF	8	Purchased Power	77,131	#REF!	#REF!			#REF!			
1   Tarke   16.19	9	Depreciation/Amortization	26,677	#REF!	#REF!			#REF!			
Total Production & Transmission	10	Regulatory Amortization	3,312	#REF!	#REF!			#REF!			
Distribution	11	Taxes	16,119	#REF!	#REF!			#REF!			
1	12	Total Production & Transmission	258,984	#REF!	#REF!	-	-	#REF!			
1		Distribution									
A Depreciation Amonization   28,055   98,EF   98,EF	12		22.477	#D17171	#DEE!			#DEE!			
15   Regulatory Amortization   9KEF   9KEF   9KEF   5(72)   9KEF   16   16   12   12   13   13   13   13   13   13			,								
Taxes											
Total Distribution						(572)					
13.092							-				
1.   1.   1.   1.   1.   1.   1.   1.	1 /	Total Distribution	77,619	#KEF!	#KEF!	(372)	-	#KEF!			
Naministrative & General   Separate   Sepa	18	Customer Accounting	13,092	#REF!	#REF!	(92)	-	#REF!			
Administrative & General	19	Customer Service & Information	1,430	#REF!	#REF!			#REF!			
1	20	Sales Expenses	-	#REF!	#REF!			#REF!			
1		Administrative & Conerel									
22         Depreciation/Amortization         24,506         WREF!         WREF!         WREF!         WREF!         WREF!         WREF!         WREF!         PREF!         Common co	21		50.402	#DEE!	#DEE!	(30)		#DEE!			
Take						(30)	-				
Total Admin. & General   74.998			24,300								
			74 008			(30)					
PERATING INCOME BEFORE FIT   136,636											
FEDERAL INCOME TAX	23	Total Electric Expenses	420,123	#KEF!	#KEF!	(094)	-	#KEF!			
Current Accrual   Current Ac	26	OPERATING INCOME BEFORE FIT	136,636	#REF!	#REF!	#REF!	-	#REF!			
Current Accrual   Current Ac		FEDERAL INCOME TAX									
28   Debt Interest   C649	27		(31.767)	#REE!	#REF!	(4 962)	_	#REE!			
29         Deferred Income Taxes         67,191         #REF!         #REF!         #REF!         #REF!           30         Amortized Investment Tax Credit         (326)         #REF!         #REF!         #REF!         #REF!           31         NET OPERATING INCOME         \$102,188         #REF!         #REF!         #REF!         \$0         #REF!           32         RATE BASE         ************************************						(4,702)					
NET OPERATING INCOME   S102,188   #REF!   #REF!   #REF!   \$0   #REF!											
NET OPERATING INCOME   S102,188											
RATE BASE   PLANT IN SERVICE											
PLANT IN SERVICE	31	NET OPERATING INCOME	\$102,188	#REF!	#REF!	#REF!	\$0	#REF!			
PLANT IN SERVICE		RATE RASE									
32         Intangible         \$163,234         #REF!         #REF!         #REF!           33         Production         874,076         #REF!         #REF!           34         Transmission         446,138         #REF!         #REF!           35         Distribution         1,013,934         #REF!         #REF!           36         General         242,579         #REF!         #REF!         -         -         #REF!           36         General         242,579         #REF!         #REF!         -         -         #REF!           37         Total Plant in Service         2,739,961         #REF!         #REF!         -         -         #REF!           38         Intangible         (34,313)         #REF!         #REF!         -         -         #REF!           39         Production         (347,038)         #REF!         #REF!         #REF!         #REF!           40         Transmission         (136,127)         #REF!         #REF!         #REF!           41         Distribution         (305,178)         #REF!         #REF!         #REF!           42         General         (83,644)         #REF!         #REF!         #RE											
33         Production         874,076         #REF!         #REF!         #REF!           34         Transmission         446,138         #REF!         #REF!           35         Distribution         1,013,934         #REF!         #REF!           36         General         242,579         #REF!         #REF!           37         Total Plant in Service         2,739,961         #REF!         #REF!           38         Intangible         (34,313)         #REF!         #REF!           39         Production         (347,038)         #REF!         #REF!           40         Transmission         (136,127)         #REF!         #REF!           41         Distribution         (305,178)         #REF!         #REF!           42         General         (83,644)         #REF!         #REF!           43         Total Accumulated Depreciation         (906,300)         #REF!         #REF!           44         NET PLANT BEFORE DFIT         1,833,661         #REF!         #REF!         -         -         #REF!           45         DEFERRED TAXES         (379,586)         #REF!         #REF!         -         -         #REF!           46         <	32		\$163 234	#REF!	#REF!			#REF!			
34         Transmission         446,138         #REF!         #REF!           35         Distribution         1,013,934         #REF!         #REF!           36         General         242,579         #REF!         #REF!           37         Total Plant in Service         2,739,961         #REF!         #REF!         -         -         #REF!           37         Total Plant in Service         2,739,961         #REF!         #REF!         -         -         #REF!           ACCUMULATED DEPRECIATION         8         #REF!         #REF!         -         -         #REF!           38         Intangible         (34,313)         #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!           45         DEFERRED TAXES         (379,586)         #REF!         #REF!		_									
1,013,934   #REF!											
36 General         242,579         #REF!         #REF!         -         -         #REF!           37 Total Plant in Service ACCUMULATED DEPRECIATION         2,739,961         #REF!         #REF!         -         -         #REF!           38 Intangible Intangible Office Transmission Production Interpretation Production Interpretation Interpretat											
37       Total Plant in Service ACCUMULATED DEPRECIATION       2,739,961       #REF!       #REF!       -       -       #REF!         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<											
ACCUMULATED DEPRECIATION  38 Intangible (34,313) #REF! #REF! #REF! #REF!  39 Production (347,038) #REF! #REF! #REF! #REF!  40 Transmission (136,127) #REF! #REF! #REF! #REF!  41 Distribution (305,178) #REF! #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! #REF!  50 TOTAL RATE BASE \$1,511,499 #REF! #REF! \$0 \$0 \$0 #REF!						_	-				
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!         \$0         \$0<	5,		2,732,201			_	_				
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!         \$0         \$0         #REF!           50         TOTAL RATE BASE         \$1,511,499         #RE	38		(34 313)	#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!       \$0       \$0       #REF!         50       TOTAL RATE BASE       \$1,511,499       #REF!       #REF!       \$0       \$0       #REF!		<u> </u>									
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!         \$0         \$0         #REF!           50         TOTAL RATE BASE         \$1,511,499         #REF!         #REF!         \$0         \$0         #REF!											
42         General         (83,644)         #REF!         #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!         \$0         \$0         #REF!           50         TOTAL RATE BASE         \$1,511,499         #REF!         #REF!         \$0         \$0         #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!         #REF!           48         WORKING CAPITAL         58,202         #REF!         #REF!         \$0         \$0         #REF!           50         TOTAL RATE BASE         \$1,511,499         #REF!         #REF!         \$0         \$0         #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!       \$0       \$0       #REF!         50       TOTAL RATE BASE       \$1,511,499       #REF!       #REF!       \$0       \$0       #REF!						-	-				
45         DEFERRED TAXES         (379,586)         #REF!         #REF!         #REF!         -         +REF!           46         NET PLANT AFTER DFIT         1,454,075         #REF!         #REF!         -         -         #REF!           47         DEFERRED DEBITS AND CREDITS         (778)         #REF!         #REF!         #REF!         #REF!           48         WORKING CAPITAL         58,202         #REF!         #REF!         \$0         \$0         #REF!           50         TOTAL RATE BASE         \$1,511,499         #REF!         #REF!         \$0         \$0         #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!											
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!											
48 WORKING CAPITAL       58,202 #REF! #REF!       #REF!       #REF!         50 TOTAL RATE BASE       \$1,511,499 #REF! #REF!       \$0 \$0 #REF!						-	-				
50 TOTAL RATE BASE \$1,511,499 #REF! #REF! \$0 \$0 #REF!											
51 RATE OF RETURN 6.76% #REF! #REF!				#REF!		\$0	\$0				
	51	RATE OF RETURN	6.76%		#REF!			#REF!			