

# Reconciliation

**Table No. 1: Summary of Changes to Power Supply Cost**

Row	Item	Kalich	Johnson	Net Cost	ERM Authorized Expense and Retail Sales								WA Allocation of System Cost	Direct WA - Settlement Adjustment	WA Jurisdiction Authorized ERM Base	Direct WA - Test Year Load Change Cost	2016 Test Year Power Supply Costs
					Account 555 - Purchased Power	Account 501 - Thermal Fuel	Account 547 - Natural Gas Fuel	Account 447 - Sales for Resale	Account 565 - Transmission Expense	Account 456100 - Transmission Revenue	Account 557 - Broker Fees	System Total					
1	Authorized 2016 System Power Costs (prior to adjustments)			\$139,148,766	119,195,328	29,123,409	77,293,435	(88,588,364)	17,237,232	(15,802,275)	690,000	139,148,766	90,043,166	(1,500,000)	88,543,166	74,855	88,618,021
				A	A1	A2	A3	A4	A5	A6	A7	A	B1	B2	B	C1	C
2													1,419,317	Adjustment 2.18 restates 2016 ERM base power costs to WA Authorized value of \$88,618 in revenue requirement model.			
3	Palouse Wind		870,000	870,000	870,000							870,000	571,851	Production Transmission Allocation Ratio change from UE-150204 to 2016 test year on allowed system total of \$139,149			
4	Energy America Reduction/COB Optimization	-2,119,527	3,314,595	1,195,068	-328,703			1,523,771				1,195,068	785,518				
5	PG&E Exchange Expiration	-3,209,144	19,278,000	16,068,856	-2,826,497			18,895,353				16,068,856	10,562,059				
6	Lancaster Payments		490,642	490,642	490,642							490,642	322,499				
7	Natural Gas & Power Hedges		462,000	462,000			462,000					462,000	303,673				
8	Other Long Term Wholesale Contracts	1,638,289	2,193,036	3,831,325	1,934,772	2,083	-50,588	1,945,058				3,831,325	2,518,330				
9	Ancillary Services Sales		-25,000	-25,000				-25,000				-25,000	-16,433				
10	Natural Gas Transport		-1,107,000	-1,107,000			-1,107,000					-1,107,000	-727,631				
11	Electric Transmission		167,000	167,000					167,000			167,000	109,769				
12	Reduction in Load	-1,629,043		-1,629,043	-144,868		-299,016	-1,185,159				-1,629,043	-1,070,770				
13	Coyote Springs 2 Upgrade	-615,342		-615,342	-313,440	-7,898	1,520,781	-1,814,785				-615,342	-404,464				
14	Allow Noxon Rapids to Spill	-83,930		-83,930	53,329	-1,320	-95,675	-40,264				-83,930	-55,167				
15	Other Resource Changes	2,169,562		2,169,562	1,647,900	2,048,936	-1,446,133	-81,141				2,169,562	1,426,053				
16	Changes to Natural Gas/Power Prices	-3,089,848	68,566	-3,021,282	-676,326	-248,797	-614,037	-1,482,122			0	-3,021,282	-1,985,889				
17	Other	-213,287	537,141	323,854	-8,507,083	-2,042,480	-5,596,476	16,748,798	96	0	-279,000	323,854	212,869				
18	Total System Power Supply Cost Changes	-7,152,270	26,248,980	19,096,710	-7,800,274	-249,476	-7,226,144	34,484,509	167,096	0	-279,000	19,096,710	13,971,585	0	0	0	0
19																	
20	Change in Transmission Revenues			652,790						652,790		652,790	429,079				
21	Total System Power Supply Adjustments			19,749,500	-7,800,274	-249,476	-7,226,144	34,484,509	167,096	652,790	-279,000	19,749,500	14,400,664	1,500,000	15,900,664	-74,855	15,825,809
22	2018-19 Power Supply Cost Forecast (Row 1 + Row 21) - System			\$158,898,266	111,395,054	28,873,933	70,067,291	(54,103,855)	17,404,328	(15,149,485)	411,000	158,898,266	104,443,830		104,443,830		104,443,830
23				D	D1	D2	D3	D4	D5	D6	D7	D	E	E3	E	E4	E
24	Authorized Washington Power Supply Costs (64.71% of Row 1 minus \$1.5 million prior direct WA adjustment)			\$88,543,166										Adjustment 4.00 restates WA Authorized value of \$88,618 to proposed WA Authorized value of \$104,444 in revenue requirement model.			
25	Proposed Washington Power Supply Costs (65.73% of 22)			\$104,443,830													
26	Proposed Washington Power Cost Adjustment (net expense)			\$15,900,664													
27	Proposed Washington Power Cost Adjustment (revenue requirement)			\$16,609,000													

★ Actual Financial Mark to Market transactions that net to \$0 are included in line 17 "Other". Please see notes in cells in the electronic file.

Please see 2) Power Supply WA Adj Workbook.xlsx which was a document included in the Andrews' work papers that summarizes all power supply and related adjustments to the test year results of operations.

# Power Supply/Transmission Adjustment Summary page 1

Avista Corporation  
WA Power Supply/Transmission Actual Net Cost

Avista Corporation  
WA Power Supply Authorized Net Costs

2015 GRC Power Supply - 09.2014 Historical Loads  
with RRA for WA load change to match 2016  
normalized revenue at present rates

Adjustment  
2.18  
WA Share  
NET CHANGE  
Restated  
2016

12.31.2016 Historical Loads

12.2016 Actual

ERM Current Authorized

NET CHANGE

Restated 2016

2016 Actual

2016 Authorized

Power Supply System

Total Washington Amounts

Power Supply System  
Total Washington Amounts

Power Supply System  
Total Washington Amounts

P/T Allocation Percentages

65.73%

(1) 64.710%

③-①

④-②

447 Sales for Resale		\$118,816	\$78,098
453 Sales of Water and Water Power	Non-ERM	357	235
456 Transmission Wheeling Revenue	System	17,312	11,379
456 Other Electric Revenue		84,883	55,794
<b>Total Revenue</b>		<b>221,368</b>	<b>145,506</b>

A4	\$88,588	\$57,325	-\$30,228	-\$20,773
	0	0		
A6	15,802	10,225	(1,510)	(1,154)
	0	0	(84,883)	(55,794)
<b>Total</b>	<b>104,390</b>	<b>67,550</b>	<b>-116,621</b>	<b>-77,721</b>

501 Thermal Fuel Expense		28,902	18,997
547 Other Fuel Expense		77,200	50,744
536 Water for Power	Non-ERM	989	650
555 Purchased Power		147,228	96,773
556 System Control & Dispatch	Non-ERM	64	42
557 Other Expenses		66,573	43,758
XXX Other Expenses-Direct WA		437	437
565 Trans. of Elec. by Others		17,251	11,339
566 Misc. Transmission Exp	Non-ERM	1,221	803
570 Maintenance of Station Equipment	Non-ERM	32	21
XXX Other Transmission Expenses	Non-ERM	508	334
<b>Total Expense</b>		<b>340,405</b>	<b>223,898</b>

A2	29,123	18,845	\$221	-\$152
A3	77,293	50,016	93	(728)
	0	0		
A1	119,195	77,131	(28,033)	(19,642)
	0	0		
A7	690	446	(65,883)	(43,312)
(2) B2+C1	-1,425	-1,425	(1,862)	(1,862)
A6	17,237	11,154	(14)	(185)
	0	0		
	0	0		
	0	0		
<b>Total</b>	<b>242,113</b>	<b>156,167</b>	<b>-95,478</b>	<b>-65,881</b>

Net Income Before Income Taxes -119,037 -78,392

-137,723 C -88,617 -21,143 -11,840

Federal Income Tax 35% -27,437

35% -31,016 -4,144

**Net Income** -\$50,955

**-\$57,601** **-\$7,696**

**Net Change in Revenue Requirement**

\$ 12,425

**ERM Retail Revenue Adjustment rate**

C3 \$15.66

(1) 64.71% per UE-150204 authorized. 2016 production/transmission allocation ratio 65.73%.

(2) Includes authorized settlement reduction of \$1,500,000 and a power cost adjustment for change in WA retail loads from authorized.

B2

E1	5,658,614	MWhs	2016 normalized
C2	5,653,834	MWhs	UE-150204 authorized
	4,780	MWhs	load change
C3	\$15.66	/MWh	Retail Revenue Adjustment rate
C1	\$74,855		load change power cost

Adjustment 2.18 restates 2016 ERM base power cost items in results of operations to the WA Authorized value of \$88,618 (rounding) in Ms. Andrews' Revenue Requirement model exhibits.

Power Supply / Transmission Adjustment Summary page 2

Avista Corporation WA Power Supply Pro Forma Net Costs				Avista Corporation WA Power Supply/Transmission Pro Forma Net Costs			
12.31.2016 Normalized Historical Loads		NET CHANGE	Adjustment 4.00 WA Share NET CHANGE	12.31.2016 Normalized Historical Loads		NET CHANGE	Adjustment 3.01 WA Share NET CHANGE
(5)	(6)	Pro Forma 12 ME 04.2019	Pro Forma 12 ME 04.2019	(7) Non-ERM Costs 2018 Pro Forma not in ERM	(8)	Pro Forma 12 ME 04.2019	Pro Forma 12 ME 04.2019
Power Supply System	Total Washington Amounts	Power Supply System	Total Washington Amounts	Power Supply System	Total Washington Amounts	Power Supply System	Total Washington Amounts
P/T Allocation Percentages	65.73%	(5)-(3)	(6)-(4)		65.73%	(7)-(1)	(8)-(2)
447 Sales for Resale	D4 \$54,104	F4 -\$34,484	-\$21,762		\$0		
453 Sales of Water and Water Power	0	0	0	466	306	109	71
456 Transmission Wheeling Revenue	D6 15,149	F6 -653	-268		0		
456 Other Electric Revenue	0	0	0		0		
Total Revenue	69,253	-35,137	-22,030	466	306	109	71
501 Thermal Fuel Expense	D2 28,874	F2 -\$249	\$134		0		
547 Other Fuel Expense	D3 70,067	F3 -7,226	-3,961		0		
536 Water for Power	0	0	0	1,029	676	40	26
555 Purchased Power	D1 111,395	F1 -7,800	-3,911		0		
556 System Control & Dispatch	0	0	0	76	50	12	8
557 Other Expenses	D7 411	F7 -279	-176		0		
XXX Other Expenses-Direct WA	E3+E4 0	G2+H1 1,425	1,425		0		
565 Trans. of Elec. by Others	D5 17,405	F5 168	286		0		
566 Misc. Transmission Exp	0	0	0	1,290	848	69	45
570 Maintenance of Station Equipment	0	0	0	32	21	-	-
XXX Other Transmission Expenses	0	0	0	650	427	142	93
Total Expense	228,152	-13,961	-6,203	3,077	2,022	263	172
Net Income Before Income Taxes	D -158,899 E -104,444	-21,176	H -\$15,827	-2,611	-1,716	-154	-\$101
Federal Income Tax	35%	-36,555	-5,539	35%	-601		-\$35
Net Income		-\$67,889	-\$10,288		-\$1,115		-\$66
Net Change in Revenue Requirement			\$ I 16,609				\$ 107
ERM Retail Revenue Adjustment rate	E2 \$18.46						

↑ The values in this column were entered into Ms. Andrews' Revenue Requirement model "Revised Exh. EMA-11 WA Electric Model + TCJA" as "Adjustment 4.00 Pro Forma Power Supply & Trans Revs"

# Current ERM Authorized Base

Avista Corp  
 Pro forma January - December  
 ERM Authorized Expense and Retail Sales  
 October 2013 - September 2014 Historic Normalized Loads

Including November  
Power Supply Update

ERM Authorized Power Supply Expense - System Numbers (1)

	Total	January	February	March	April	May	June	July	August	September	October	November	December
Account 555 - Purchased Power	A1 \$119,195,328	\$12,127,251	\$11,591,985	\$10,660,401	\$10,031,882	\$8,875,133	\$8,326,700	\$8,166,121	\$9,056,301	\$7,883,689	\$8,186,793	\$11,995,843	\$12,493,230
Account 501 - Thermal Fuel	A2 \$29,123,409	\$2,667,343	\$2,503,517	\$2,494,287	\$2,179,004	\$1,851,578	\$1,612,580	\$2,427,227	\$2,652,598	\$2,644,728	\$2,706,850	\$2,628,470	\$2,755,227
Account 547 - Natural Gas Fuel	A3 \$77,293,435	\$8,481,868	\$7,698,692	\$7,292,619	\$5,265,751	\$2,664,684	\$2,712,482	\$5,239,795	\$8,788,998	\$6,983,768	\$7,442,560	\$7,920,542	\$8,801,867
Account 447 - Sale for Resale	A4 \$88,588,364	\$7,154,528	\$6,331,583	\$7,373,144	\$9,451,450	\$8,788,449	\$8,347,826	\$7,766,255	\$5,454,044	\$6,343,594	\$6,461,587	\$7,582,420	\$7,533,482
<b>Power Supply Expense</b>	\$137,023,808	\$16,121,734	\$15,462,611	\$13,074,163	\$8,025,187	\$4,402,956	\$4,303,936	\$6,066,888	\$13,043,853	\$11,168,590	\$11,874,614	\$14,962,435	\$18,518,841
Transmission Expense	A5 \$17,237,232	\$1,503,379	\$1,417,562	\$1,557,827	\$1,347,286	\$1,410,951	\$1,401,574	\$1,411,206	\$1,443,939	\$1,441,121	\$1,400,226	\$1,464,406	\$1,437,755
Transmission Revenue	A6 \$15,802,275	\$1,306,342	\$1,061,936	\$1,137,644	\$1,166,933	\$1,506,921	\$1,586,833	\$1,599,620	\$1,447,883	\$1,304,804	\$1,285,929	\$1,197,858	\$1,199,571
Broker Fees	A7 \$690,000	\$57,500	\$57,500	\$57,560	\$57,560	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500
CS2 and Colstrip O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	A \$139,148,766	\$16,376,271	\$15,875,736	\$13,551,846	\$8,263,040	\$4,364,486	\$4,176,177	\$7,935,974	\$13,097,409	\$11,382,407	\$12,046,411	\$15,286,483	\$16,812,626
WA Share of System Costs	B1 \$90,043,166	\$10,597,085	\$10,273,189	\$8,769,400	\$5,347,013	\$2,824,259	\$2,702,404	\$5,135,369	\$8,475,334	\$7,352,614	\$7,795,233	\$9,891,883	\$10,879,385
Direct WA (Agreed-To Adjustment)	B2 -\$1,500,000	-\$125,000	-\$125,000	-\$125,000	-\$125,000	-\$125,000	-\$125,000	-\$125,000	-\$125,000	-\$125,000	-\$125,000	-\$125,000	-\$125,000
WA ERM Base	B \$88,543,166												

ERM Authorized Washington Retail Sales (2)

	Total	January	February	March	April	May	June	July	August	September	October	November	December
Total Retail Sales, MWh (2)	C2 5,653,834	555,937	498,647	492,113	431,145	438,507	423,630	451,024	469,267	421,946	451,214	471,440	548,964
Retail Revenue Adjustment rate	C3 \$15.66 /MWh	UE-140188 Settlement Method											

(1) Multiply system numbers by 64.71% to determine Washington share.  
 (2) Twelve months ended September 2014 normalized monthly WA Retail Sales  
 (3) Additional adjustment of \$1.5 million (Washington basis) agreed-to by the Parties per Multiparty Settlement Stipulation, page 4, Section 5 c

# Proposed ERM Authorized Base

Exh. WGJ-5

Avista Corp  
 Pro forma May 2018 - April 2019  
 ERM Authorized Expense and Retail Sales  
 January through December 2016 Historic Normalized Loads

ERM Authorized Power Supply Expense - System Numbers (1)

	Total	January	February	March	April	May	June	July	August	September	October	November	December
Account 555 - Purchased Power	D1 \$111,395,054	\$11,810,646	\$10,948,943	\$10,208,756	\$9,754,466	\$7,204,007	\$6,832,768	\$7,367,141	\$8,064,916	\$7,448,786	\$7,999,787	\$11,642,227	\$12,112,599
Account 501 - Thermal Fuel	D2 \$28,873,933	\$2,892,906	\$2,671,552	\$2,766,328	\$2,481,505	\$1,551,263	\$1,358,751	\$2,219,592	\$2,478,125	\$2,578,207	\$2,592,987	\$2,566,833	\$2,703,884
Account 547 - Natural Gas Fuel	D3 \$70,067,291	\$8,800,467	\$7,046,200	\$6,405,717	\$4,139,185	\$1,428,182	\$1,698,327	\$5,653,252	\$7,341,418	\$6,493,558	\$6,103,470	\$6,561,954	\$8,397,561
Account 447 - Sale for Resale	D4 \$54,103,855	\$5,410,854	\$3,688,134	\$4,363,041	\$6,216,672	\$3,992,970	\$3,782,256	\$5,325,599	\$3,215,251	\$4,016,772	\$3,304,259	\$4,468,025	\$6,320,023
<b>Power Supply Expense</b>	\$156,232,423	\$18,093,165	\$16,978,561	\$15,019,760	\$10,166,484	\$6,188,432	\$6,107,590	\$9,914,366	\$14,669,208	\$12,503,789	\$13,391,986	\$16,302,990	\$16,894,021
Transmission Expense	D5 \$17,404,328	\$1,386,858	\$1,618,473	\$1,456,728	\$1,423,781	\$1,394,142	\$1,391,308	\$1,452,951	\$1,443,202	\$1,567,441	\$1,406,861	\$1,418,448	\$1,446,134
Transmission Revenue	D6 \$15,149,485	\$1,082,694	\$1,178,481	\$1,177,115	\$1,141,305	\$1,253,488	\$1,398,529	\$1,450,378	\$1,346,819	\$1,372,213	\$1,319,316	\$1,257,650	\$1,191,496
Broker Fees	D7 \$411,000	\$34,250	\$34,250	\$34,250	\$34,250	\$34,250	\$34,250	\$34,250	\$34,250	\$34,250	\$34,250	\$34,250	\$34,250
<b>Total</b>	D \$158,898,266	\$18,451,579	\$17,462,804	\$15,333,623	\$10,485,210	\$6,363,387	\$6,134,619	\$9,951,209	\$14,799,841	\$12,733,267	\$13,513,781	\$16,496,038	\$17,182,909
WA Share of System Costs	E \$104,443,830	\$12,128,223	\$11,471,728	\$10,078,790	\$6,891,928	\$4,182,654	\$4,032,285	\$6,540,930	\$9,727,935	\$8,369,576	\$8,882,608	\$10,842,846	\$11,294,326

ERM Authorized Washington Retail Sales (2)

	Total	January	February	March	April	May	June	July	August	September	October	November	December
Total Retail Sales, MWh (2)	E1 5,658,614	556,117	486,363	477,535	431,248	432,473	424,693	490,670	464,617	435,934	436,959	468,856	553,150
Retail Revenue Adjustment Rate	E2 \$18.46 /MWh												

(1) Multiply system numbers by 65.73% to determine Washington share  
 (2) Twelve months ended December 2016 normalized monthly WA Retail Sales