

Attachment A
Calculation of Electric Attrition Revenue Requirement
Pursuant to the terms in Order 05
\$000 Washington Allocated

<i>Parameters</i>		
Rate of Return		7.29%
Revenue Conversion		0.62018
Revenue Growth		1.01312

	<u>Attrition NOI</u>	<u>Attrition Rate Base</u>	<u>Attrtn Rev. Req. Sufficiency</u>	<u>Step Delta</u>
CRM-2 REVISED	105,983	1,398,118	(6,462)	
Remove Escalation from Dist. Plant.	105,550	1,351,923	(11,132)	(4,670)
Increase Escalation for O&M Exp.	104,188	1,351,923	(8,964)	2,168
Adopt Company's Post-Attrition Adj. For Project Compass	103,723	1,357,851	(7,537)	1,427
Final Power Supply Update	<i>--- See Note 1 ---</i>		(19,796)	(12,259)

(a)

<i>Attrition Adjustment Calculation</i>		
[1] Attrition Rev. Req.	(a)	(19,796)
[2] Mod. Historical Test Period Rev. Req.	Note 2	(36,442)
[3] Attrition Allowance	= [1] - [2]	<u><u>16,646</u></u>

Note 1: The attrition models used by Staff and the Company contain as inputs two power supply cost runs, one using historical normalized loads and another using pro-forma 2016 loads. In its October 29, 2015 power supply update filing, the Company provided updated cost detail for the run that used historical loads but did not provide updated cost detail for the run that used 2016 pro forma loads. The Company's update filing, however, represented that the power supply update was a reduction of \$12.3 million to its proposed revenue requirement. Accordingly, absent the updated cost detail for the 2016 power supply cost run to insert into the attrition model, the \$12.3 million should be applied as a separate reduction outside of the attrition model.

Note 2: Modified historical test period revenue requirement calculated based on sum of uncontested adjustments of (-) 52.6 million in Order 05 Table B1 and contested adjustments of \$16.2 million in Order 05 Table A1.

CRM-2 REVISED - 2016 ELECTRIC ATTRITION REVENUE REQUIREMENT

	\$000s	Determine Base Cost and Revenue to Escalate					Escalate Non-Energy Cost			Other Cost & Revenue Adjs.				
CBR Line Number	DESCRIPTION	12.2014 Commission Basis Report Restated Totals ¹	(less) 12.2014 Normalized Net Power Supply Cost	Deferred Debit/Credit & Reg. Amorts Adjs	Pro Forma Revenue Normalization Adjustment	December 2014 Escalation Base	Escalation Factor	Energy Cost Escalation Amount (E)+(G)-(C)	Trended 2016 Non- Energy Cost [E]+[G]=[H]	(plus) 12.2014 Pro- Formed Net Energy Cost	(plus) Revenue Growth	After Attrition Adj - Colstrip Incremental O&M Exp	After Attrition Adj - Project Compass	2016 Revenue and Cost [H]+[I]+[J]+[K]+ [L] = [M]
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
REVENUES														
1	Total General Business	\$ 488,372		\$ -	\$ 10,688	\$ 499,060	1.31%		\$ 499,060		\$ 6,545			\$ 505,605
2	Interdepartmental Sales	\$ 922		\$ -	\$ -	\$ 922	1.31%		\$ 922		\$ 12			\$ 934
3	Sales for Resale	\$ 60,998	\$ (60,998)	\$ -	\$ -	\$ -				\$ 53,757	\$ (2,595)			\$ 51,162
4	Subtotal: Sales of Electricity	\$ 550,292	\$ (60,998)	\$ -	\$ 10,688	\$ 499,982			\$ 499,982	\$ 53,757	\$ 3,962			\$ 557,701
5	Other Revenue	\$ 17,163	\$ (13,684)	\$ -	\$ -	\$ 3,479	0.00%		\$ 3,479	\$ 10,529	\$ -			\$ 14,008
6	Total Electric Revenue	\$ 567,455	\$ (74,682)	\$ -	\$ 10,688	\$ 503,461			\$ 503,461	\$ 64,286	\$ 3,962			\$ 571,709
EXPENSES														
Production and Transmission														
7	Operating Expenses	\$ 120,307	\$ (69,476)	\$ -	\$ -	\$ 50,831	4.82%	\$ 2,450	\$ 53,281	\$ 89,306	\$ -	\$ 180		\$ 142,767
8	Purchased Power	\$ 116,643	\$ (116,641)	\$ -	\$ -	\$ 2		\$ -	\$ 2	\$ 75,611	\$ 1,907			\$ 77,520
9	Depreciation/Amortization	\$ 23,715		\$ -	\$ -	\$ 23,715	9.55%	\$ 2,264	\$ 25,979	\$ -				\$ 25,979
10	Regulatory Amortization	\$ 8,101		\$ (3,409)	\$ -	\$ 4,692	0.00%	\$ -	\$ 4,692	\$ -				\$ 4,692
11	Taxes	\$ 12,828		\$ -	\$ -	\$ 12,828	11.96%	\$ 1,534	\$ 14,362					\$ 14,362
12	Subtotal: Production and	\$ 281,594	\$ (186,117)	\$ (3,409)	\$ -	\$ 92,068		\$ 6,248	\$ 98,316	\$ 164,917	\$ 1,907	\$ 180		\$ 265,320
Distribution														
13	Operating Expenses	\$ 21,299		\$ -	\$ -	\$ 21,299	4.82%	\$ 1,026	\$ 22,325					\$ 22,325
14	Depreciation/Amortization	\$ 23,794		\$ -	\$ -	\$ 23,794	9.55%	\$ 2,272	\$ 26,066					\$ 26,066
15	Regulatory Amortizations			\$ -	\$ 412	\$ 25,987	11.96%	\$ 3,108	\$ 29,095		\$ 252			\$ 29,347
16	Taxes	\$ 25,575		\$ -	\$ -	\$ 25,575								\$ 25,575
16	Subtotal: Distribution	\$ 70,668		\$ -	\$ 412	\$ 71,080		\$ 6,407	\$ 77,487	\$ -	\$ 252	\$ -		\$ 77,739
17	Customer Accounting	\$ 11,166		\$ -	\$ 57	\$ 11,223	4.82%	\$ 541	\$ 11,764		\$ 35			\$ 11,799
18	Customer Service & Information	\$ 1,383		\$ -	\$ -	\$ 1,383	4.82%	\$ 67	\$ 1,450					\$ 1,450
19	Sales Expenses	\$ -		\$ -	\$ -	\$ -	4.82%	\$ -	\$ -					\$ -
Administrative & General														
20	Operating Expenses	\$ 46,210		\$ -	\$ 21	\$ 46,231	4.82%	\$ 2,228	\$ 48,459		\$ 13			\$ 48,472
21	Depreciation/Amortization	\$ 16,947		\$ -	\$ -	\$ 16,947	9.55%	\$ 1,618	\$ 18,565				\$ 3,087	\$ 21,652
22	Taxes	\$ -		\$ -	\$ -	\$ -	11.96%	\$ -	\$ -					\$ -
23	Subtotal: A&G	\$ 63,157	\$ -	\$ -	\$ 21	\$ 63,178		\$ 3,846	\$ 67,024	\$ -	\$ 13	\$ -		\$ 70,124
24	Total Electric Expenses	\$ 427,968	\$ (186,117)	\$ (3,409)	\$ 490	\$ 238,932		\$ 17,108	\$ 256,040	\$ 164,917	\$ 2,207	\$ 180	\$ 3,087	\$ 426,432
25	OPERATING INCOME BEFORE FIT	\$ 139,487	\$ 111,435	\$ 3,409	\$ 10,198	\$ 264,529		\$ (17,108)	\$ 247,421	\$ (100,631)	\$ 1,755	\$ (180)	\$ (3,087)	\$ 145,278

¹Workpapers for 12.2014 Commission Basis Reports provided with Avista's Response to Staff_DR_130 Revised.

CRM-2 REVISED - 2016 ELECTRIC ATTRITION REVENUE REQUIREMENT

	Determine Base Cost and Revenue to Escalate					Escalate Non-Energy Cost			Other Cost & Revenue Adjs.				
CBR Line Number	12.2014 Commission Basis Restated Totals ¹	(less) 12.2014 Normalized Net Power Supply Cost	Deferred Debit/Credit & Reg. Amorts Adjs	Pro Forma Revenue Normalization Adjustment	December 2014 Escalation Base	Escalation Factor	Non-Energy Escalation Amount	Trended 2016 Non-Energy Cost [E]+[G]=[H]	(plus) 12.2014 Pro-Formed Net Energy Cost	(plus) Revenue Growth	After Attrition Adj - Colstrip Incremental O&M Exp	After Attrition Adj - Project Compass	2016 Revenue and Cost [H]+[I]+[J]+[K]+[L]= [M]
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
Federal Income Tax													
26	\$ (7,683)	\$ 39,002	\$ 1,193	\$ 3,569	\$ 36,081		\$ (5,988)	\$ 30,093	\$ (35,221)	\$ 614	\$ (63)	\$ (1,080)	\$ (5,657)
27	\$ (136)	\$ -	\$ 60	\$ -	\$ (76)		\$ (590)	\$ (666)				\$ (339)	\$ (1,005)
28	\$ 46,085		\$ -	\$ -	\$ 46,085		\$ -	\$ 46,085					\$ 46,085
29	\$ (128)		\$ -	\$ -	\$ (128)		\$ -	\$ (128)					\$ (128)
30													
31	\$ 101,349	\$ 72,433	\$ 2,156	\$ 6,629	\$ 182,567		\$ (10,530)	\$ 172,037	\$ (65,410)	\$ 1,141	\$ (117)	\$ (1,668)	\$ 105,983
RATE BASE													
Plant in Service													
32	\$ 102,620		\$ -	\$ -	\$ 102,620	7.83%	\$ 8,034	\$ 110,654				\$ 39,518	\$ 150,172
33	\$ 746,101		\$ -	\$ -	\$ 746,101	7.83%	\$ 58,410	\$ 804,511					\$ 804,511
34	\$ 371,971		\$ -	\$ -	\$ 371,971	7.83%	\$ 29,120	\$ 401,091					\$ 401,091
35	\$ 842,795		\$ -	\$ -	\$ 842,795	7.83%	\$ 65,980	\$ 908,775					\$ 908,775
36	\$ 196,867		\$ -	\$ -	\$ 196,867	7.83%	\$ 15,412	\$ 212,279					\$ 212,279
37	\$ 2,260,354	\$ -	\$ -	\$ -	\$ 2,260,354		\$ 176,956	\$ 2,437,310				\$ 39,518	\$ 2,476,828
Accumulated Depreciation and Amortization													
38	\$ (20,242)		\$ -	\$ -	\$ (20,242)	7.83%	\$ (1,585)	\$ (21,827)				\$ (1,543)	\$ (23,370)
39	\$ (325,531)		\$ -	\$ -	\$ (325,531)	7.83%	\$ (25,485)	\$ (351,016)					\$ (351,016)
40	\$ (123,869)		\$ -	\$ -	\$ (123,869)	7.83%	\$ (9,697)	\$ (133,566)					\$ (133,566)
41	\$ (252,722)		\$ -	\$ -	\$ (252,722)	7.83%	\$ (19,785)	\$ (272,507)					\$ (272,507)
42	\$ (65,720)		\$ -	\$ -	\$ (65,720)	7.83%	\$ (5,145)	\$ (70,865)					\$ (70,865)
43	\$ (788,084)	\$ -	\$ -	\$ -	\$ (788,084)		\$ (61,697)	\$ (849,781)				\$ (1,543)	\$ (851,324)
44	\$ 1,472,270	\$ -	\$ -	\$ -	\$ 1,472,270	\$ -	\$ 115,259	\$ 1,587,529			\$ -	\$ 37,975	\$ 1,625,504
45	(257,766)		\$ -	\$ -	\$ (257,766)	7.83%	\$ (20,180)	\$ (277,946)				\$ (1,543)	\$ (279,790)
46	\$ 1,214,504	\$ -	\$ -	\$ -	\$ 1,214,504	\$ 0	\$ 95,080	\$ 1,309,584					\$ 1,345,714
47	10,846		\$ (6,250)		\$ 4,596	0.00%	\$ -	\$ 4,596					\$ 4,596
48	47,807		\$ -		\$ 47,807	0.00%	\$ -	\$ 47,807					\$ 47,807
49	\$ 1,273,157	\$ -	\$ (6,250)	\$ -	\$ 1,266,907		\$ 95,080	\$ 1,361,987				\$ 36,432	\$ 1,398,118
¹ Workpapers for 12.2014 Commission Basis Reports provided with Avista's Response to Staff_DR_130 Revised.													
50	RATE OF RETURN												7.96%
ATTRITION ADJUSTED REVENUE REQUIREMENT													
50	Proposed Rate of Return												7.29%
51	Return on Plant in Service at Proposed Rate												\$ 101,923
52	Operating Income Deficiency												\$ (4,060)
53	Revenue Conversion Factor												0.62018
54	Revenue Requirement												\$ (6,547)
55	Revenue Growth Factor												1.013115
56	Attrition Adjusted Revenue Requirement												\$ (6,462)

CRM-2 REVISED + NO DIST ESCALATION

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		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
REVENUES														
1	Total General Business	\$ 488,372		\$ -	\$ 10,688	\$ 499,060	1.31%		\$ 499,060		\$ 6,545			\$ 505,605
2	Interdepartmental Sales	\$ 922		\$ -	\$ -	\$ 922	1.31%		\$ 922		\$ 12			\$ 934
3	Sales for Resale	\$ 60,998	\$ (60,998)	\$ -	\$ -	\$ -				\$ 53,757	\$ (2,595)			\$ 51,162
4	Subtotal: Sales of Electricity	\$ 550,292	\$ (60,998)	\$ -	\$ 10,688	\$ 499,982			\$ 499,982	\$ 53,757	\$ 3,962			\$ 557,701
5	Other Revenue	\$ 17,163	\$ (13,684)	\$ -	\$ -	\$ 3,479	0.00%		\$ 3,479	\$ 10,529	\$ -			\$ 14,008
6	Total Electric Revenue	\$ 567,455	\$ (74,682)	\$ -	\$ 10,688	\$ 503,461			\$ 503,461	\$ 64,286	\$ 3,962			\$ 571,709
EXPENSES														
Production and Transmission														
7	Operating Expenses	\$ 120,307	\$ (69,476)	\$ -	\$ -	\$ 50,831	4.82%	\$ 2,450	\$ 53,281	\$ 89,306	\$ -	\$ 180		\$ 142,767
8	Purchased Power	\$ 116,643	\$ (116,641)	\$ -	\$ -	\$ 2		\$ -	\$ 2	\$ 75,611	\$ 1,907			\$ 77,520
9	Depreciation/Amortization	\$ 23,715		\$ -	\$ -	\$ 23,715	9.55%	\$ 2,264	\$ 25,979	\$ -				\$ 25,979
10	Regulatory Amortization	\$ 8,101		\$ (3,409)	\$ -	\$ 4,692	0.00%	\$ -	\$ 4,692	\$ -				\$ 4,692
11	Taxes	\$ 12,828		\$ -	\$ -	\$ 12,828	11.96%	\$ 1,534	\$ 14,362					\$ 14,362
12	Subtotal: Production and	\$ 281,594	\$ (186,117)	\$ (3,409)	\$ -	\$ 92,068		\$ 6,248	\$ 98,316	\$ 164,917	\$ 1,907	\$ 180		\$ 265,320
Distribution														
13	Operating Expenses	\$ 21,299		\$ -	\$ -	\$ 21,299	4.82%	\$ 1,026	\$ 22,325					\$ 22,325
14	Depreciation/Amortization	\$ 23,794		\$ -	\$ -	\$ 23,794	9.55%	\$ 2,272	\$ 26,066					\$ 26,066
15	Regulatory Amortizations			\$ -	\$ 412	\$ 25,987	11.96%	\$ 3,108	\$ 29,095		\$ 252			\$ 29,347
16	Taxes	\$ 25,575		\$ -	\$ -	\$ 25,575		\$ -	\$ -					\$ 25,575
16	Subtotal: Distribution	\$ 70,668		\$ -	\$ 412	\$ 71,080		\$ 6,407	\$ 77,487	\$ -	\$ 252	\$ -		\$ 77,739
17	Customer Accounting	\$ 11,166		\$ -	\$ 57	\$ 11,223	4.82%	\$ 541	\$ 11,764		\$ 35			\$ 11,799
18	Customer Service & Information	\$ 1,383		\$ -	\$ -	\$ 1,383	4.82%	\$ 67	\$ 1,450					\$ 1,450
19	Sales Expenses	\$ -		\$ -	\$ -	\$ -	4.82%	\$ -	\$ -					\$ -
Administrative & General														
20	Operating Expenses	\$ 46,210		\$ -	\$ 21	\$ 46,231	4.82%	\$ 2,228	\$ 48,459		\$ 13			\$ 48,472
21	Depreciation/Amortization	\$ 16,947		\$ -	\$ -	\$ 16,947	9.55%	\$ 1,618	\$ 18,565				\$ 3,087	\$ 21,652
22	Taxes	\$ -		\$ -	\$ -	\$ -	11.96%	\$ -	\$ -					\$ -
23	Subtotal: A&G	\$ 63,157	\$ -	\$ -	\$ 21	\$ 63,178		\$ 3,846	\$ 67,024	\$ -	\$ 13	\$ -		\$ 70,124
24	Total Electric Expenses	\$ 427,968	\$ (186,117)	\$ (3,409)	\$ 490	\$ 238,932		\$ 17,108	\$ 256,040	\$ 164,917	\$ 2,207	\$ 180	\$ 3,087	\$ 426,432
25	OPERATING INCOME BEFORE FIT	\$ 139,487	\$ 111,435	\$ 3,409	\$ 10,198	\$ 264,529		\$ (17,108)	\$ 247,421	\$ (100,631)	\$ 1,755	\$ (180)	\$ (3,087)	\$ 145,278

¹Workpapers for 12.2014 Commission Basis Reports provided with Avista's Response to Staff_DR_130 Revised.

CRM-2_REVISIED + NO DIST ESCALATION

\$000s	Determine Base Cost and Revenue to Escalate					Escalate Non-Energy Cost			Other Cost & Revenue Adjs.				
CBR Line Number	12.2014 Commission Basis Restated Totals ¹	(less) 12.2014 Normalized Net Power Supply Cost	Deferred Debit/Credit & Reg. Amorts Adjs	Pro Forma Revenue Normalization Adjustment	December 2014 Escalation Base	Escalation Factor	Non-Energy Escalation Amount	Trended 2016 Non-Energy Cost [E]+[G]=[H]	(plus) 12.2014 Pro-Formed Net Energy Cost	(plus) Revenue Growth	After Attrition Adj - Colstrip Incremental O&M Exp	After Attrition Adj - Project Compass	2016 Revenue and Cost [H]+[I]+[J]+[K]+[L]= [M]
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
Federal Income Tax													
26	Current Accrual	\$ (7,683)	\$ 39,002	\$ 1,193	\$ 3,569	\$ 36,081	\$ (5,988)	\$ 30,093	\$ (35,221)	\$ 614	\$ (63)	\$ (1,080)	\$ (5,657)
27	Debt Interest	\$ (136)	\$ -	\$ 60	\$ -	\$ (76)	\$ (157)	\$ (233)				\$ (339)	\$ (572)
28	Deferred Income Taxes	\$ 46,085	\$ -	\$ -	\$ -	\$ 46,085	\$ -	\$ 46,085					\$ 46,085
29	Amortized ITC - Noxon	\$ (128)	\$ -	\$ -	\$ -	\$ (128)	\$ -	\$ (128)					\$ (128)
30													
31	NET OPERATING INCOME	\$ 101,349	\$ 72,433	\$ 2,156	\$ 6,629	\$ 182,567	\$ (10,963)	\$ 171,603	\$ (65,410)	\$ 1,141	\$ (117)	\$ (1,668)	\$ 105,550
RATE BASE													
Plant in Service													
32	Intangible	\$ 102,620	\$ -	\$ -	\$ -	\$ 102,620	7.83%	\$ 8,034	\$ 110,654			\$ 39,518	\$ 150,172
33	Production	\$ 746,101	\$ -	\$ -	\$ -	\$ 746,101	7.83%	\$ 58,410	\$ 804,511				\$ 804,511
34	Transmission	\$ 371,971	\$ -	\$ -	\$ -	\$ 371,971	7.83%	\$ 29,120	\$ 401,091				\$ 401,091
35	Distribution	\$ 842,795	\$ -	\$ -	\$ -	\$ 842,795	0.00%	\$ -	\$ 842,795				\$ 842,795
36	General	\$ 196,867	\$ -	\$ -	\$ -	\$ 196,867	7.83%	\$ 15,412	\$ 212,279				\$ 212,279
37	Subtotal: Plant in Service	\$ 2,260,354	\$ -	\$ -	\$ -	\$ 2,260,354		\$ 110,976	\$ 2,371,330			\$ 39,518	\$ 2,410,848
Accumulated Depreciation and Amortization													
38	Intangible	\$ (20,242)	\$ -	\$ -	\$ -	\$ (20,242)	7.83%	\$ (1,585)	\$ (21,827)			\$ (1,543)	\$ (23,370)
39	Production	\$ (325,531)	\$ -	\$ -	\$ -	\$ (325,531)	7.83%	\$ (25,485)	\$ (351,016)				\$ (351,016)
40	Transmission	\$ (123,869)	\$ -	\$ -	\$ -	\$ (123,869)	7.83%	\$ (9,697)	\$ (133,566)				\$ (133,566)
41	Distribution	\$ (252,722)	\$ -	\$ -	\$ -	\$ (252,722)	0.00%	\$ -	\$ (252,722)				\$ (252,722)
42	General	\$ (65,720)	\$ -	\$ -	\$ -	\$ (65,720)	7.83%	\$ (5,145)	\$ (70,865)				\$ (70,865)
43	Subtotal: Accumulated Depreciation and Amortization	\$ (788,084)	\$ -	\$ -	\$ -	\$ (788,084)		\$ (41,912)	\$ (829,996)			\$ (1,543)	\$ (831,539)
44	Net Plant	\$ 1,472,270	\$ -	\$ -	\$ -	\$ 1,472,270	\$ -	\$ 69,064	\$ 1,541,334	\$ -	\$ -	\$ 37,975	\$ 1,579,309
45	Deferred Taxes	(257,766)	\$ -	\$ -	\$ -	\$ (257,766)	7.83%	\$ (20,180)	\$ (277,946)			\$ (1,543)	\$ (279,790)
46	Net Plant After Deferred taxes	\$ 1,214,504	\$ -	\$ -	\$ -	\$ 1,214,504	\$ 0	\$ 48,885	\$ 1,263,389				\$ 1,299,519
47	Deferred Debits and Credits	10,846	\$ (6,250)	\$ -	\$ -	\$ 4,596	0.00%	\$ -	\$ 4,596				\$ 4,596
48	Working Capital	47,807	\$ -	\$ -	\$ -	\$ 47,807	0.00%	\$ -	\$ 47,807				\$ 47,807
49	TOTAL RATE BASE	\$ 1,273,157	\$ -	\$ (6,250)	\$ -	\$ 1,266,907		\$ 48,885	\$ 1,315,792			\$ 36,432	\$ 1,351,923
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50	RATE OF RETURN	7.96%											7.81%
ATTRITION ADJUSTED REVENUE REQUIREMENT													
50	Proposed Rate of Return												7.29%
51	Return on Plant in Service at Proposed Rate												\$ 98,555
52	Operating Income Deficiency												\$ (6,994)
53	Revenue Conversion Factor												0.62018
54	Revenue Requirement												\$ (11,278)
55	Revenue Growth Factor												1.013115
56	Attrition Adjusted Revenue Requirement												\$ (11,132)

CRM-2 REVISED + NO DIST ESCALATION + MOD. O&M ESCALATION

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		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
REVENUES														
1	Total General Business	\$ 488,372		\$ -	\$ 10,688	\$ 499,060	1.31%		\$ 499,060		\$ 6,545			\$ 505,605
2	Interdepartmental Sales	\$ 922		\$ -	\$ -	\$ 922	1.31%		\$ 922		\$ 12			\$ 934
3	Sales for Resale	\$ 60,998	\$ (60,998)	\$ -	\$ -	\$ -				\$ 53,757	\$ (2,595)			\$ 51,162
4	Subtotal: Sales of Electricity	\$ 550,292	\$ (60,998)	\$ -	\$ 10,688	\$ 499,982			\$ 499,982	\$ 53,757	\$ 3,962			\$ 557,701
5	Other Revenue	\$ 17,163	\$ (13,684)	\$ -	\$ -	\$ 3,479	0.00%		\$ 3,479	\$ 10,529	\$ -			\$ 14,008
6	Total Electric Revenue	\$ 567,455	\$ (74,682)	\$ -	\$ 10,688	\$ 503,461			\$ 503,461	\$ 64,286	\$ 3,962			\$ 571,709
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7	Operating Expenses	\$ 120,307	\$ (69,476)	\$ -	\$ -	\$ 50,831	6.42%	\$ 3,263	\$ 54,094	\$ 89,306	\$ -	\$ 180		\$ 143,580
8	Purchased Power	\$ 116,643	\$ (116,641)	\$ -	\$ -	\$ 2		\$ -	\$ 2	\$ 75,611	\$ 1,907			\$ 77,520
9	Depreciation/Amortization	\$ 23,715		\$ -	\$ -	\$ 23,715	9.55%	\$ 2,264	\$ 25,979	\$ -				\$ 25,979
10	Regulatory Amortization	\$ 8,101		\$ (3,409)	\$ -	\$ 4,692	0.00%	\$ -	\$ 4,692	\$ -				\$ 4,692
11	Taxes	\$ 12,828		\$ -	\$ -	\$ 12,828	11.96%	\$ 1,534	\$ 14,362					\$ 14,362
12	Subtotal: Production and	\$ 281,594	\$ (186,117)	\$ (3,409)	\$ -	\$ 92,068		\$ 7,062	\$ 99,130	\$ 164,917	\$ 1,907	\$ 180		\$ 266,134
Distribution														
13	Operating Expenses	\$ 21,299		\$ -	\$ -	\$ 21,299	6.42%	\$ 1,367	\$ 22,666					\$ 22,666
14	Depreciation/Amortization	\$ 23,794		\$ -	\$ -	\$ 23,794	9.55%	\$ 2,272	\$ 26,066					\$ 26,066
15	Regulatory Amortizations			\$ -	\$ 412	\$ 25,987	11.96%	\$ 3,108	\$ 29,095		\$ 252			\$ 29,347
16	Taxes	\$ 25,575		\$ -	\$ -	\$ 25,575	11.96%	\$ 3,108	\$ 29,095		\$ 252			\$ 29,347
16	Subtotal: Distribution	\$ 70,668		\$ -	\$ 412	\$ 71,080		\$ 6,747	\$ 77,827	\$ -	\$ 252	\$ -		\$ 78,080
17	Customer Accounting	\$ 11,166		\$ -	\$ 57	\$ 11,223	6.42%	\$ 720	\$ 11,943		\$ 35			\$ 11,978
18	Customer Service & Information	\$ 1,383		\$ -	\$ -	\$ 1,383	6.42%	\$ 89	\$ 1,472					\$ 1,472
19	Sales Expenses	\$ -		\$ -	\$ -	\$ -	6.42%	\$ -	\$ -					\$ -
Administrative & General														
20	Operating Expenses	\$ 46,210		\$ -	\$ 21	\$ 46,231	6.42%	\$ 2,968	\$ 49,199		\$ 13			\$ 49,212
21	Depreciation/Amortization	\$ 16,947		\$ -	\$ -	\$ 16,947	9.55%	\$ 1,618	\$ 18,565				\$ 3,087	\$ 21,652
22	Taxes	\$ -		\$ -	\$ -	\$ -	11.96%	\$ -	\$ -					\$ -
23	Subtotal: A&G	\$ 63,157	\$ -	\$ -	\$ 21	\$ 63,178		\$ 4,586	\$ 67,764	\$ -	\$ 13	\$ -		\$ 70,864
24	Total Electric Expenses	\$ 427,968	\$ (186,117)	\$ (3,409)	\$ 490	\$ 238,932		\$ 19,204	\$ 258,136	\$ 164,917	\$ 2,207	\$ 180	\$ 3,087	\$ 428,527
25	OPERATING INCOME BEFORE FIT	\$ 139,487	\$ 111,435	\$ 3,409	\$ 10,198	\$ 264,529		\$ (19,204)	\$ 245,325	\$ (100,631)	\$ 1,755	\$ (180)	\$ (3,087)	\$ 143,182

¹Workpapers for 12.2014 Commission Basis Reports provided with Avista's Response to Staff_DR_130 Revised.

CRM-2_REVISIED + NO DIST ESCALATION + MOD. O&M ESCALATION

\$000s	Determine Base Cost and Revenue to Escalate					Escalate Non-Energy Cost			Other Cost & Revenue Adjs.				
CBR Line Number	12.2014 Commission Basis Restated Totals ¹	(less) 12.2014 Normalized Net Power Supply Cost	Deferred Debit/Credit & Reg. Amorts Adjs	Pro Forma Revenue Normalization Adjustment	December 2014 Escalation Base	Escalation Factor	Non-Energy Escalation Amount	Trended 2016 Non-Energy Cost [E]+[G]=[H]	(plus) 12.2014 Pro-Formed Net Energy Cost	(plus) Revenue Growth	After Attrition Adj - Colstrip Incremental O&M Exp	After Attrition Adj - Project Compass	2016 Revenue and Cost [H]+[I]+[J]+[K]+[L]= [M]
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
Federal Income Tax													
26	Current Accrual	\$ (7,683)	\$ 39,002	\$ 1,193	\$ 3,569	\$ 36,081	\$ (6,721)	\$ 29,360	\$ (35,221)	\$ 614	\$ (63)	\$ (1,080)	\$ (6,390)
27	Debt Interest	\$ (136)	\$ -	\$ 60	\$ -	\$ (76)	\$ (157)	\$ (233)				\$ (339)	\$ (572)
28	Deferred Income Taxes	\$ 46,085	\$ -	\$ -	\$ -	\$ 46,085	\$ -	\$ 46,085					\$ 46,085
29	Amortized ITC - Noxon	\$ (128)	\$ -	\$ -	\$ -	\$ (128)	\$ -	\$ (128)					\$ (128)
30													
31	NET OPERATING INCOME	\$ 101,349	\$ 72,433	\$ 2,156	\$ 6,629	\$ 182,567	\$ (12,326)	\$ 170,241	\$ (65,410)	\$ 1,141	\$ (117)	\$ (1,668)	\$ 104,188
RATE BASE													
Plant in Service													
32	Intangible	\$ 102,620	\$ -	\$ -	\$ -	\$ 102,620	7.83%	\$ 8,034	\$ 110,654			\$ 39,518	\$ 150,172
33	Production	\$ 746,101	\$ -	\$ -	\$ -	\$ 746,101	7.83%	\$ 58,410	\$ 804,511				\$ 804,511
34	Transmission	\$ 371,971	\$ -	\$ -	\$ -	\$ 371,971	7.83%	\$ 29,120	\$ 401,091				\$ 401,091
35	Distribution	\$ 842,795	\$ -	\$ -	\$ -	\$ 842,795	0.00%	\$ -	\$ 842,795				\$ 842,795
36	General	\$ 196,867	\$ -	\$ -	\$ -	\$ 196,867	7.83%	\$ 15,412	\$ 212,279				\$ 212,279
37	Subtotal: Plant in Service	\$ 2,260,354	\$ -	\$ -	\$ -	\$ 2,260,354		\$ 110,976	\$ 2,371,330			\$ 39,518	\$ 2,410,848
Accumulated Depreciation and Amortization													
38	Intangible	\$ (20,242)	\$ -	\$ -	\$ -	\$ (20,242)	7.83%	\$ (1,585)	\$ (21,827)			\$ (1,543)	\$ (23,370)
39	Production	\$ (325,531)	\$ -	\$ -	\$ -	\$ (325,531)	7.83%	\$ (25,485)	\$ (351,016)				\$ (351,016)
40	Transmission	\$ (123,869)	\$ -	\$ -	\$ -	\$ (123,869)	7.83%	\$ (9,697)	\$ (133,566)				\$ (133,566)
41	Distribution	\$ (252,722)	\$ -	\$ -	\$ -	\$ (252,722)	0.00%	\$ -	\$ (252,722)				\$ (252,722)
42	General	\$ (65,720)	\$ -	\$ -	\$ -	\$ (65,720)	7.83%	\$ (5,145)	\$ (70,865)				\$ (70,865)
43	Subtotal: Accumulated Depreciation and Amortization	\$ (788,084)	\$ -	\$ -	\$ -	\$ (788,084)		\$ (41,912)	\$ (829,996)			\$ (1,543)	\$ (831,539)
44	Net Plant	\$ 1,472,270	\$ -	\$ -	\$ -	\$ 1,472,270	\$ -	\$ 69,064	\$ 1,541,334	\$ -	\$ -	\$ 37,975	\$ 1,579,309
45	Deferred Taxes	(257,766)	\$ -	\$ -	\$ -	\$ (257,766)	7.83%	\$ (20,180)	\$ (277,946)			\$ (1,543)	\$ (279,790)
46	Net Plant After Deferred taxes	\$ 1,214,504	\$ -	\$ -	\$ -	\$ 1,214,504	\$ 0	\$ 48,885	\$ 1,263,389				\$ 1,299,519
47	Deferred Debits and Credits	10,846	\$ (6,250)	\$ -	\$ -	\$ 4,596	0.00%	\$ -	\$ 4,596				\$ 4,596
48	Working Capital	47,807	\$ -	\$ -	\$ -	\$ 47,807	0.00%	\$ -	\$ 47,807				\$ 47,807
49	TOTAL RATE BASE	\$ 1,273,157	\$ -	\$ (6,250)	\$ -	\$ 1,266,907		\$ 48,885	\$ 1,315,792			\$ 36,432	\$ 1,351,923
¹ Workpapers for 12.2014 Commission Basis Reports provided with Avista's Response to Staff_DR_130 Revised.													
50	RATE OF RETURN												7.96%
ATTRITION ADJUSTED REVENUE REQUIREMENT													
50	Proposed Rate of Return												7.29%
51	Return on Plant in Service at Proposed Rate												\$ 98,555
52	Operating Income Deficiency												\$ (5,632)
53	Revenue Conversion Factor												0.62018
54	Revenue Requirement												\$ (9,082)
55	Revenue Growth Factor												1.013115
56	Attrition Adjusted Revenue Requirement												\$ (8,964)

CRM-2 REVISED + NO DIST ESCALATION + MOD. O&M ESCALATION + PROJECT COMPASS

	\$000s	Determine Base Cost and Revenue to Escalate				Escalate Non-Energy Cost			Other Cost & Revenue Adjs.					
CBR Line Number	DESCRIPTION	12.2014 Commission Basis Report Restated Totals ¹	(less) 12.2014 Normalized Net Power Supply Cost	Deferred Debit/Credit & Reg. Amorts Adjs	Pro Forma Revenue Normalization Adjustment	December 2014 Escalation Base	Escalation Factor	Energy Cost Escalation Amount (E)+(G)-(C)	Trended 2016 Non- Energy Cost [E]+[G]=[H]	(plus) 12.2014 Pro- Formed Net Energy Cost	(plus) Revenue Growth	After Attrition Adj - Colstrip Incremental O&M Exp	After Attrition Adj - Project Compass	2016 Revenue and Cost [H]+[I]+[J]+[K]+ [L] = [M]
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
REVENUES														
1	Total General Business	\$ 488,372		\$ -	\$ 10,688	\$ 499,060	1.31%		\$ 499,060		\$ 6,545			\$ 505,605
2	Interdepartmental Sales	\$ 922		\$ -	\$ -	\$ 922	1.31%		\$ 922		\$ 12			\$ 934
3	Sales for Resale	\$ 60,998	\$ (60,998)	\$ -	\$ -	\$ -				\$ 53,757	\$ (2,595)			\$ 51,162
4	Subtotal: Sales of Electricity	\$ 550,292	\$ (60,998)	\$ -	\$ 10,688	\$ 499,982			\$ 499,982	\$ 53,757	\$ 3,962			\$ 557,701
5	Other Revenue	\$ 17,163	\$ (13,684)	\$ -	\$ -	\$ 3,479	0.00%		\$ 3,479	\$ 10,529	\$ -			\$ 14,008
6	Total Electric Revenue	\$ 567,455	\$ (74,682)	\$ -	\$ 10,688	\$ 503,461			\$ 503,461	\$ 64,286	\$ 3,962			\$ 571,709
EXPENSES														
Production and Transmission														
7	Operating Expenses	\$ 120,307	\$ (69,476)	\$ -	\$ -	\$ 50,831	6.42%	\$ 3,263	\$ 54,094	\$ 89,306	\$ -	\$ 180		\$ 143,580
8	Purchased Power	\$ 116,643	\$ (116,641)	\$ -	\$ -	\$ 2		\$ -	\$ 2	\$ 75,611	\$ 1,907			\$ 77,520
9	Depreciation/Amortization	\$ 23,715		\$ -	\$ -	\$ 23,715	9.55%	\$ 2,264	\$ 25,979	\$ -				\$ 25,979
10	Regulatory Amortization	\$ 8,101		\$ (3,409)	\$ -	\$ 4,692	0.00%	\$ -	\$ 4,692	\$ -				\$ 4,692
11	Taxes	\$ 12,828		\$ -	\$ -	\$ 12,828	11.96%	\$ 1,534	\$ 14,362					\$ 14,362
12	Subtotal: Production and	\$ 281,594	\$ (186,117)	\$ (3,409)	\$ -	\$ 92,068		\$ 7,062	\$ 99,130	\$ 164,917	\$ 1,907	\$ 180		\$ 266,134
Distribution														
13	Operating Expenses	\$ 21,299		\$ -	\$ -	\$ 21,299	6.42%	\$ 1,367	\$ 22,666					\$ 22,666
14	Depreciation/Amortization	\$ 23,794		\$ -	\$ -	\$ 23,794	9.55%	\$ 2,272	\$ 26,066					\$ 26,066
15	Regulatory Amortizations			\$ -	\$ 412	\$ 25,987	11.96%	\$ 3,108	\$ 29,095		\$ 252			\$ 29,347
16	Taxes	\$ 25,575		\$ -	\$ -	\$ 25,575								\$ 25,575
16	Subtotal: Distribution	\$ 70,668		\$ -	\$ 412	\$ 71,080		\$ 6,747	\$ 77,827	\$ -	\$ 252	\$ -		\$ 78,080
17	Customer Accounting	\$ 11,166		\$ -	\$ 57	\$ 11,223	6.42%	\$ 720	\$ 11,943		\$ 35			\$ 11,978
18	Customer Service & Information	\$ 1,383		\$ -	\$ -	\$ 1,383	6.42%	\$ 89	\$ 1,472					\$ 1,472
19	Sales Expenses	\$ -		\$ -	\$ -	\$ -	6.42%	\$ -	\$ -					\$ -
Administrative & General														
20	Operating Expenses	\$ 46,210		\$ -	\$ 21	\$ 46,231	6.42%	\$ 2,968	\$ 49,199		\$ 13			\$ 49,212
21	Depreciation/Amortization	\$ 16,947		\$ -	\$ -	\$ 16,947	9.55%	\$ 1,618	\$ 18,565				\$ 3,887	\$ 22,452
22	Taxes	\$ -		\$ -	\$ -	\$ -	11.96%	\$ -	\$ -					\$ -
23	Subtotal: A&G	\$ 63,157	\$ -	\$ -	\$ 21	\$ 63,178		\$ 4,586	\$ 67,764	\$ -	\$ 13	\$ -		\$ 71,664
24	Total Electric Expenses	\$ 427,968	\$ (186,117)	\$ (3,409)	\$ 490	\$ 238,932		\$ 19,204	\$ 258,136	\$ 164,917	\$ 2,207	\$ 180	\$ 3,887	\$ 429,327
25	OPERATING INCOME BEFORE FIT	\$ 139,487	\$ 111,435	\$ 3,409	\$ 10,198	\$ 264,529		\$ (19,204)	\$ 245,325	\$ (100,631)	\$ 1,755	\$ (180)	\$ (3,887)	\$ 142,382

¹Workpapers for 12.2014 Commission Basis Reports provided with Avista's Response to Staff_DR_130 Revised.

CRM-2_REVISIED + NO DIST ESCALATION + MOD. O&M ESCALATION + PROJECT COMPASS

\$000s	Determine Base Cost and Revenue to Escalate					Escalate Non-Energy Cost			Other Cost & Revenue Adjs.				
CBR Line Number	12.2014 Commission Basis Restated Totals ¹	(less) 12.2014 Normalized Net Power Supply Cost	Deferred Debit/Credit & Reg. Amorts Adjs	Pro Forma Revenue Normalization Adjustment	December 2014 Escalation Base	Escalation Factor	Non-Energy Escalation Amount	Trended 2016 Non-Energy Cost [E]+[G]=[H]	(plus) 12.2014 Pro-Formed Net Energy Cost	(plus) Revenue Growth	After Attrition Adj - Colstrip Incremental O&M Exp	After Attrition Adj - Project Compass	2016 Revenue and Cost [H]+[I]+[J]+[K]+[L]= [M]
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
Federal Income Tax													
26	Current Accrual	\$ (7,683)	\$ 39,002	\$ 1,193	\$ 3,569	\$ 36,081	\$ (6,721)	\$ 29,360	\$ (35,221)	\$ 614	\$ (63)	\$ (1,360)	\$ (6,670)
27	Debt Interest	\$ (136)	\$ -	\$ 60	\$ -	\$ (76)	\$ (157)	\$ (233)				\$ (395)	\$ (627)
28	Deferred Income Taxes	\$ 46,085	\$ -	\$ -	\$ -	\$ 46,085	\$ -	\$ 46,085					\$ 46,085
29	Amortized ITC - Noxon	\$ (128)	\$ -	\$ -	\$ -	\$ (128)	\$ -	\$ (128)					\$ (128)
30													
31	NET OPERATING INCOME	\$ 101,349	\$ 72,433	\$ 2,156	\$ 6,629	\$ 182,567	\$ (12,326)	\$ 170,241	\$ (65,410)	\$ 1,141	\$ (117)	\$ (2,132)	\$ 103,723
RATE BASE													
Plant in Service													
32	Intangible	\$ 102,620	\$ -	\$ -	\$ -	\$ 102,620	7.83%	\$ 8,034	\$ 110,654			\$ 46,004	\$ 156,658
33	Production	\$ 746,101	\$ -	\$ -	\$ -	\$ 746,101	7.83%	\$ 58,410	\$ 804,511				\$ 804,511
34	Transmission	\$ 371,971	\$ -	\$ -	\$ -	\$ 371,971	7.83%	\$ 29,120	\$ 401,091				\$ 401,091
35	Distribution	\$ 842,795	\$ -	\$ -	\$ -	\$ 842,795	0.00%	\$ -	\$ 842,795				\$ 842,795
36	General	\$ 196,867	\$ -	\$ -	\$ -	\$ 196,867	7.83%	\$ 15,412	\$ 212,279				\$ 212,279
37	Subtotal: Plant in Service	\$ 2,260,354	\$ -	\$ -	\$ -	\$ 2,260,354		\$ 110,976	\$ 2,371,330			\$ 46,004	\$ 2,417,334
Accumulated Depreciation and Amortization													
38	Intangible	\$ (20,242)	\$ -	\$ -	\$ -	\$ (20,242)	7.83%	\$ (1,585)	\$ (21,827)			\$ (1,943)	\$ (23,770)
39	Production	\$ (325,531)	\$ -	\$ -	\$ -	\$ (325,531)	7.83%	\$ (25,485)	\$ (351,016)				\$ (351,016)
40	Transmission	\$ (123,869)	\$ -	\$ -	\$ -	\$ (123,869)	7.83%	\$ (9,697)	\$ (133,566)				\$ (133,566)
41	Distribution	\$ (252,722)	\$ -	\$ -	\$ -	\$ (252,722)	0.00%	\$ -	\$ (252,722)				\$ (252,722)
42	General	\$ (65,720)	\$ -	\$ -	\$ -	\$ (65,720)	7.83%	\$ (5,145)	\$ (70,865)				\$ (70,865)
43	Subtotal: Accumulated Depreciation and Amortization	\$ (788,084)	\$ -	\$ -	\$ -	\$ (788,084)		\$ (41,912)	\$ (829,996)			\$ (1,943)	\$ (831,939)
44	Net Plant	\$ 1,472,270	\$ -	\$ -	\$ -	\$ 1,472,270	\$ -	\$ 69,064	\$ 1,541,334	\$ -	\$ -	\$ 44,061	\$ 1,585,395
45	Deferred Taxes	(257,766)	\$ -	\$ -	\$ -	\$ (257,766)	7.83%	\$ (20,180)	\$ (277,946)			\$ (2,003)	\$ (279,949)
46	Net Plant After Deferred taxes	\$ 1,214,504	\$ -	\$ -	\$ -	\$ 1,214,504	\$ 0	\$ 48,885	\$ 1,263,389				\$ 1,305,447
47	Deferred Debits and Credits	10,846	\$ (6,250)	\$ -	\$ 4,596	\$ 4,596	0.00%	\$ -	\$ 4,596				\$ 4,596
48	Working Capital	47,807	\$ -	\$ -	\$ 47,807	\$ 47,807	0.00%	\$ -	\$ 47,807				\$ 47,807
49	TOTAL RATE BASE	\$ 1,273,157	\$ -	\$ (6,250)	\$ -	\$ 1,266,907		\$ 48,885	\$ 1,315,792			\$ 42,058	\$ 1,357,851
¹ Workpapers for 12.2014 Commission Basis Reports provided with Avista's Response to Staff_DR_130 Revised.													
50	RATE OF RETURN												7.96%
ATTRITION ADJUSTED REVENUE REQUIREMENT													
50	Proposed Rate of Return												7.29%
51	Return on Plant in Service at Proposed Rate												\$ 98,987
52	Operating Income Deficiency												\$ (4,736)
53	Revenue Conversion Factor												0.62018
54	Revenue Requirement												\$ (7,636)
55	Revenue Growth Factor												1.013115
56	Attrition Adjusted Revenue Requirement												\$ (7,537)