

**ATTACHMENT B  
TO  
COMMISSION STAFF'S  
MOTION TO REOPEN RECORD**

**ATTACHMENT B**

**TABLES ILLUSTRATING STAFF'S RECALCULATION OF AVISTA'S  
REVENUE REQUIREMENT FOR ELECTRIC OPERATIONS**

Table 1 shows the effect of entering the October 29, 2015, power supply adjustment into Staff's attrition model. This has the effect of re-pricing 09.2014 loads AND 12.2016 loads inside of the attrition model. The small difference from Table 3 below (\$19,795), which is for reference only and perfects the power supply adjustment outside of the model, is due to the required estimation of sales for resale using 2016 loads. As part of its October 29, 2015 power supply cost update, the company did not provide its estimate for sales for resale using forecasted 2016 loads.

<b>TABLE 1</b>			
<b>CRM-2 with Order 05 Adjustments</b>			
<b>Summary of Order 05 Adjustments and Impact to Avista's Overall Revenue Requirement</b>			
	<b>Impact of Order 05 Adjustment</b>	<b>Net 2016 Revenue Requirement (relative to 2015)</b>	<b>Total Revenue Requirement</b>
<b>Exhibit No. CRM-2 results (\$000)</b>		<b>(\$5,761)</b>	<b>\$494,221</b>
<i>Adjustments</i>			
1. Compass – Add back disallowance	\$726	(\$5,035)	\$494,947
2. Electric O&M = 3.21% (two-year escalation rate = 6.42%)	\$2,169	(\$2,866)	\$497,116
3. Zero out distribution escalator (and distribution acc depr. escalator)	(\$4,670)	(\$7,536)	\$492,446
4. October Power Supply Update (Correct adjustment to model)	(\$12,081)	(\$19,617)	\$480,365
<b>Total Order 05 Impacts</b>	<b>(\$13,856)</b>	<b>(\$19,617)</b>	<b>\$480,365</b>

Table 2 shows the effect of making the October power supply adjustment by re-pricing ONLY 09.2014 loads. Staff believes this calculation does not include documented changes in power cost and results in the -\$8M revenue requirement set forth in Order 05. In Staff's opinion, this explains the difference between Staff's calculation and that performed by the Commission.

<b>TABLE 2</b>			
<b>CRM-2 with Order 05 Adjustments</b>			
<b>Summary of Order 05 Adjustments</b>			
<b>and Impact to Avista's Overall Revenue Requirement</b>			
	<b>Impact of Order 05 Adjustment</b>	<b>Net 2016 Revenue Requirement (relative to 2015)</b>	<b>Total Revenue Requirement</b>
<b>Exhibit No. CRM-2 results (\$000)</b>		<b>(\$5,761)</b>	<b>\$494,221</b>
<i>Adjustments</i>			
1. Compass – Add back disallowance	\$726	(\$5,035)	\$494,947
2. Electric O&M = 3.21% (two-year escalation rate = 6.42%)	\$2,169	(\$2,866)	\$497,116
3. Zero out distribution escalator (and distribution acc depr. escalator)	(\$4,670)	(\$7,536)	\$492,446
4. October Power Supply Update (Incorrect; only reprices 09.2014 load)	(\$0)	(\$7,536)	\$492,446
<b>Total Order 05 Impacts</b>	<b>(\$1,775)</b>	<b>(\$7,536)</b>	<b>\$492,446</b>

For reference, Table 3 shows the effect of making the October 29, 2015, power supply adjustment outside of Staff's model.

<b>TABLE 3</b>			
<b>CRM-2 with Order 05 Adjustments</b>			
<b>Summary of Order 05 Adjustments and Impact to Avista's Overall Revenue Requirement</b>			
	<b>Impact of Order 05 Adjustment</b>	<b>Net 2016 Revenue Requirement (relative to 2015)</b>	<b>Total Revenue Requirement</b>
<b>Exhibit No. CRM-2 results (\$000)</b>		<b>(\$5,761)</b>	<b>\$494,221</b>
<i>Adjustments</i>			
1. Compass – Add back disallowance	\$726	(\$5,035)	\$494,947
2. Electric O&M = 3.21% (two-year escalation rate = 6.42%)	\$2,169	(\$2,866)	\$497,116
3. Zero out distribution escalator (and distribution acc depr. escalator)	(\$4,670)	(\$7,536)	\$492,446
4. October Power Supply Update (Outside of Model)	(\$12,259)	(\$19,795)	\$480,187
<b>Total Order 05 Impacts</b>	<b>(\$14,034)</b>	<b>(\$19,795)</b>	<b>\$480,187</b>