

**Avista Corp.**

1411 East Mission P.O. Box 3727
Spokane, Washington 99220-0500
Telephone 509-489-0500
Toll Free 800-727-9170

VIA ELECTRONIC MAIL

April 28, 2017

Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive, S.W.
PO Box 47250
Olympia, WA 98504-7250

RE: Avista Utilities 2016 Electric Commission Basis Report Pursuant to
WAC 480-100-257

Dear Mr. King:

Enclosed for filing is an electronic copy of Avista Utilities 2016 Electric Commission Basis Report (CBR). The original and two copies are being provided via overnight mail. The report is being filed pursuant to WAC 480-100-257. The report is based on the period of twelve months ended December 31, 2016. This report is being supplied for informational purposes only.

Additional CBR reporting requirements per UTC Commission Orders are as follows:
Per Order No. 05, Docket No. UE-050482, the Company's 2016 annual expense for vegetation management totaled approximately \$5.0 million (Washington electric).

Per Order No. 05, Docket No. UE-070804, the Company's 2016 Wood Pole Test & Treat Program (system electric) expenses and capital expenditures totaled approximately \$1.0 million and \$12.5 million, respectively. Included as Attachment A is the summary table showing the Wood Pole Test & Treat Model Budget (as reported by Avista in Docket No. UE-070804 for the years 2008 through 2017) compared to the Annual Budget and Actual expense and capital expenditures for the reporting year as requested by Staff.

If you have any questions, please contact me at (509) 495-8601.

Sincerely,

A handwritten signature in black ink, appearing to read "Liz M. Andrews", is written over the typed name.

Liz M. Andrews
Senior Manager, Revenue Requirements
Enclosure

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

Column	WP Ref	Description of Adjustment	Washington Electric		
			NOI	Rate Base	ROR
Restating adjustments					
1.00	E-ROO	Results of Operations	110,557	1,444,926	7.65%
1.01	E-DFIT	Deferred FIT Rate Base	8	806	
1.02	E-DDC	Deferred Debits and Credits	(8)	-	
1.03	E-WC	Working Capital	(29)	(3,006)	
2.01	E-EBO	Eliminate B & O Taxes	(96)	-	
2.02	E-PT	Restate Property Tax	163	-	
2.03	E-UE	Uncollectible Expense	(859)	-	
2.04	E-RE	Regulatory Expense	(5)	-	
2.05	E-ID	Injuries and Damages	(98)	-	
2.06	E-FIT	FIT/DFIT Expense	41	-	
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	825	-	
2.11	E-EAS	Eliminate Adder Schedules	-	-	
2.12	E-MR	Miscellaneous Restating	(969)	-	
2.13	E-EWPC	Eliminate WA Power Cost Defer	4,386	-	
2.14	E-NPS	Nez Perce Settlement Adjustment	3	-	
2.15	E-RI	Restate Incentives	407	-	
2.16	E-RDI	Normalize CS2/Colstrip Major Maint	763	-	
2.17	E-RDI	Restate Debt Interest	(56)	-	
2.18 (1)	E-CBPS	CB Power Supply	(9,465)	-	
CB Restated Total			✓ 105,689	✓ 1,442,726	7.33%
Other					
		CF WA Elec Conversion Factor			

(1) Adjustment 2.18 "CB Power Supply" normalizes power supply costs to reflect the authorized level of net power supply costs for the twelve month period. The Energy Recovery Mechanism (ERM), approved by the Commission, is designed to share all differences in actual vs authorized net power supply costs within the ERM between customers and the Company based on the pre-determined deadband and sharing bands embedded within the ERM. The customer portion of the difference between actual vs authorized net power supply costs (higher or lower) is deferred and set aside for future rebate or surcharge to customers. The Company portion of the deadband and sharing bands (higher or lower) is absorbed by the Company. By normalizing power supply costs to reflect the authorized level, the Commission Basis Report reflects Company results after removing the agreed-upon treatment of differences in actual vs authorized net power supply costs.

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

Line No.	DESCRIPTION	Results of Operations	Deferred FIT Rate Base	Deferred Debits and Credits	Working Capital	Eliminate B & O Taxes	Restate Property Tax
	Adjustment Number	1.00	1.01	1.02	1.03	2.01	2.02
	Workpaper Reference	E-ROO	E-DFIT	E-DDC	E-WC	E-EBO	E-PT
REVENUES							
1	Total General Business	\$516,333	\$0	\$0	\$0	(\$17,807)	\$0
2	Interdepartmental Sales	946	-	0	0	-	-
3	Sales for Resale	78,098	-	0	0	-	-
4	Total Sales of Electricity	595,377	-	0	0	(17,807)	-
5	Other Revenue	81,735	-	0	0	(14)	-
6	Total Electric Revenue	677,112	-	0	0	(17,821)	-
EXPENSES							
Production and Transmission							
7	Operating Expenses	184,672	-	4	0	-	-
8	Purchased Power	96,772	-	0	0	-	-
9	Depreciation/Amortization	26,677	-	0	0	-	-
10	Regulatory Amortization	4,310	-	0	0	-	-
11	Taxes	14,904	-	0	0	-	(250)
12	Total Production & Transmission	327,335	-	4	0	-	(250)
Distribution							
13	Operating Expenses	21,420	-	0	0	-	-
14	Depreciation/Amortization	27,913	-	0	0	-	-
15	Taxes	45,258	-	0	0	(17,674)	-
16	Total Distribution	94,591	-	0	0	(17,674)	-
17	Customer Accounting	11,733	-	8	0	-	-
18	Customer Service & Information	18,081	-	0	0	-	-
19	Sales Expenses	0	-	0	0	-	-
Administrative & General							
20	Operating Expenses	50,568	-	0	0	-	-
21	Depreciation/Amortization	23,877	-	0	0	-	-
22	Taxes	0	-	0	0	-	-
23	Total Admin, & General	74,445	-	0	0	-	-
24	Total Electric Expenses	526,185	-	12	0	(17,674)	(250)
25	OPERATING INCOME BEFORE FIT	150,927	-	(12)	0	(147)	250
FEDERAL INCOME TAX							
26	Current Accrual	(25,741)	-	(4)	0	(51)	88
27	Debt Interest	0	(8)	0	29	-	-
28	Deferred Income Taxes	66,436	-	0	0	-	-
29	Amortized ITC - Noxon	(325)	-	0	0	-	-
30	NET OPERATING INCOME	\$110,557	\$8	(\$8)	(\$29)	(\$96)	\$163
RATE BASE							
PLANT IN SERVICE							
31	Intangible	\$156,057	\$0	\$0	\$0	\$0	\$0
32	Production	832,833	-	0	0	-	-
33	Transmission	430,613	-	0	0	-	-
34	Distribution	970,455	-	0	0	-	-
35	General	233,266	-	0	0	-	-
36	Total Plant in Service	2,623,224	-	-	-	-	-
ACCUMULATED DEPRECIATION/AMORT							
37	Intangible	(30,914)	-	0	0	-	-
38	Production	(351,625)	-	0	0	-	-
39	Transmission	(135,624)	-	0	0	-	-
40	Distribution	(295,383)	-	0	0	-	-
41	General	(80,093)	-	0	0	-	-
42	Total Accumulated Depreciation	(893,639)	-	-	-	-	-
43	NET PLANT	1,729,585	-	-	-	-	-
44	DEFERRED TAXES	(354,706)	806	-	-	-	-
45	Net Plant After DFIT	1,374,879	806	-	-	-	-
46	DEFERRED DEBITS AND CREDITS	4,567	-	-	-	-	-
47	WORKING CAPITAL	65,480	-	-	(3,006)	-	-
48	TOTAL RATE BASE	1,444,926	\$806	-	(3,006)	\$0	\$0
49	RATE OF RETURN	7.65%					

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

Line No.	DESCRIPTION	Uncollectible Expense	Regulatory Expense	Injuries and Damages	FIT/DFIT Expense	Office Space Charges to Non-Utility	Restate Excise Taxes
	Adjustment Number	2.03	2.04	2.05	2.06	2.07	2.08
	Workpaper Reference	E-UE	E-RE	E-ID	E-FIT	E-OSC	E-RET
REVENUES							
1	Total General Business	\$0	\$0	\$0	\$0	\$0	\$0
2	Interdepartmental Sales	-	-	-	-	-	-
3	Sales for Resale	-	-	-	-	-	-
4	Total Sales of Electricity	-	-	-	-	-	-
5	Other Revenue	-	-	-	-	-	-
6	Total Electric Revenue	-	-	-	-	-	-
EXPENSES							
Production and Transmission							
7	Operating Expenses	-	-	-	-	-	-
8	Purchased Power	-	-	-	-	-	-
9	Depreciation/Amortization	-	-	-	-	-	-
10	Regulatory Amortization	-	-	-	-	-	-
11	Taxes	-	-	-	-	-	-
12	Total Production & Transmission	-	-	-	-	-	-
Distribution							
13	Operating Expenses	-	-	-	-	-	-
14	Depreciation/Amortization	-	-	-	-	-	-
15	Taxes	-	-	-	-	-	(62)
16	Total Distribution	-	-	-	-	-	(62)
17	Customer Accounting	1,321	-	-	-	-	-
18	Customer Service & Information	-	-	-	-	-	-
19	Sales Expenses	-	-	-	-	-	-
Administrative & General							
20	Operating Expenses	-	7	151	-	(31)	-
21	Depreciation/Amortization	-	-	-	-	-	-
22	Taxes	-	-	-	-	-	-
23	Total Admin. & General	-	7	151	-	(31)	-
24	Total Electric Expenses	1,321	7	151	-	(31)	(62)
25	OPERATING INCOME BEFORE FIT	(1,321)	(7)	(151)	-	31	62
FEDERAL INCOME TAX							
26	Current Accrual	(462)	(2)	(53)	-	11	22
27	Debt Interest	-	-	-	-	-	-
28	Deferred Income Taxes	-	-	-	(40)	-	-
29	Amortized ITC - Noxon	-	-	-	(1)	-	-
30	NET OPERATING INCOME	(\$859)	(\$5)	(\$98)	\$41	\$20	\$40
RATE BASE							
PLANT IN SERVICE							
31	Intangible	\$0	\$0	\$0	\$0	\$0	\$0
32	Production	-	-	-	-	-	-
33	Transmission	-	-	-	-	-	-
34	Distribution	-	-	-	-	-	-
35	General	-	-	-	-	-	-
36	Total Plant in Service	-	-	-	-	-	-
ACCUMULATED DEPRECIATION/AMORT							
37	Intangible	-	-	-	-	-	-
38	Production	-	-	-	-	-	-
39	Transmission	-	-	-	-	-	-
40	Distribution	-	-	-	-	-	-
41	General	-	-	-	-	-	-
42	Total Accumulated Depreciation	-	-	-	-	-	-
43	NET PLANT	-	-	-	-	-	-
44	DEFERRED TAXES	-	-	-	-	-	-
45	Net Plant After DFIT	-	-	-	-	-	-
46	DEFERRED DEBITS AND CREDITS	-	-	-	-	-	-
47	WORKING CAPITAL	-	-	-	-	-	-
48	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0
49	RATE OF RETURN						

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

Line No.	DESCRIPTION	Net Gains / Losses	Weather Normalization	Eliminate Adder Schedules	Miscellaneous Restating	Eliminate WA Power Cost Defer	Nez Perce Settlement Adjustment
		2.09	2.10	2.11	2.12	2.13	2.14
		E-NGL	E-WN	E-EAS	E-MR	E-EWPC	E-NPS
	Adjustment Number	2.09	2.10	2.11	2.12	2.13	2.14
	Workpaper Reference	E-NGL	E-WN	E-EAS	E-MR	E-EWPC	E-NPS
	REVENUES						
1	Total General Business	\$0	\$7,392	(\$18,203)	\$0	\$4,698	\$0
2	Interdepartmental Sales	-	-	-	-	-	-
3	Sales for Resale	-	-	-	-	-	-
4	Total Sales of Electricity	-	7,392	(18,203)	-	4,698	-
5	Other Revenue	-	(5,775)	684	(2,566)	-	-
6	Total Electric Revenue	-	1,617	(17,519)	(2,566)	4,698	-
	EXPENSES						
	Production and Transmission						
7	Operating Expenses	-	-	(383)	(2)	(2,270)	(4)
8	Purchased Power	-	-	-	-	-	-
9	Depreciation/Amortization	-	-	-	-	-	-
10	Regulatory Amortization	-	-	395	-	-	-
11	Taxes	-	-	-	-	-	-
12	Total Production & Transmission	-	-	12	(2)	(2,270)	(4)
	Distribution						
13	Operating Expenses	-	-	-	(5)	-	-
14	Depreciation/Amortization	(94)	-	-	-	-	-
15	Taxes	-	284	(700)	-	181	-
16	Total Distribution	(94)	284	(700)	(5)	181	-
17	Customer Accounting	-	49	(120)	-	30	-
18	Customer Service & Information	-	-	(16,675)	-	-	-
19	Sales Expenses	-	-	-	-	-	-
	Administrative & General						
20	Operating Expenses	-	15	(36)	(1,068)	9	-
21	Depreciation/Amortization	-	-	-	-	-	-
22	Taxes	-	-	-	-	-	-
23	Total Admin. & General	-	15	(36)	(1,068)	9	-
24	Total Electric Expenses	(94)	348	(17,519)	(1,075)	(2,050)	(4)
25	OPERATING INCOME BEFORE FIT	94	1,269	-	(1,491)	6,748	4
	FEDERAL INCOME TAX						
26	Current Accrual	33	444	-	(522)	1,567	1
27	Debt Interest	-	-	-	-	-	-
28	Deferred Income Taxes	-	-	-	-	795	-
29	Amortized ITC - Noxon	-	-	-	-	-	-
30	NET OPERATING INCOME	\$61	\$825	-	(\$969)	\$4,386	\$3
	RATE BASE						
	PLANT IN SERVICE						
31	Intangible	\$0	\$0	\$0	\$0	\$0	\$0
32	Production	-	-	-	-	-	-
33	Transmission	-	-	-	-	-	-
34	Distribution	-	-	-	-	-	-
35	General	-	-	-	-	-	-
36	Total Plant in Service	-	-	-	-	-	-
	ACCUMULATED DEPRECIATION/AMORT						
37	Intangible	-	-	-	-	-	-
38	Production	-	-	-	-	-	-
39	Transmission	-	-	-	-	-	-
40	Distribution	-	-	-	-	-	-
41	General	-	-	-	-	-	-
42	Total Accumulated Depreciation	-	-	-	-	-	-
43	NET PLANT	-	-	-	-	-	-
44	DEFERRED TAXES	-	-	-	-	-	-
45	Net Plant After DFIT	-	-	-	-	-	-
46	DEFERRED DEBITS AND CREDITS	-	-	-	-	-	-
47	WORKING CAPITAL	-	-	-	-	-	-
48	TOTAL RATE BASE	\$0	\$0	-	\$0	\$0	\$0
49	RATE OF RETURN						

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

Line No.	DESCRIPTION	Restate Incentives 2.15 E-RI	Normalize CS2/Colstrip Major Maint 2.16 E-RDI	Restate Debt Interest 2.17 E-RDI	CB Power Supply 2.18 E-CBPS	CB AMA 12/2016 Restated TOTAL R-Td
	Adjustment Number	2.15	2.16	2.17	2.18	
	Workpaper Reference	E-RI	E-RDI	E-RDI	E-CBPS	
	REVENUES					
1	Total General Business	\$0	\$0	\$0	\$0	\$492,413
2	Interdepartmental Sales	-	-	-	-	946
3	Sales for Resale	-	-	-	(20,244)	57,854
4	Total Sales of Electricity	-	-	-	(20,244)	551,213
5	Other Revenue	-	-	-	(56,754)	17,310
6	Total Electric Revenue	-	-	-	(76,998)	568,523
	EXPENSES					
	Production and Transmission					
7	Operating Expenses	-	(1,174)	-	(44,458)	136,385
8	Purchased Power	-	-	-	(17,978)	78,794
9	Depreciation/Amortization	-	-	-	-	26,677
10	Regulatory Amortization	-	-	-	-	4,705
11	Taxes	-	-	-	-	14,654
12	Total Production & Transmission	-	(1,174)	-	(62,436)	261,215
	Distribution					
13	Operating Expenses	-	-	-	-	21,415
14	Depreciation/Amortization	-	-	-	-	27,819
15	Taxes	-	-	-	-	27,287
16	Total Distribution	-	-	-	-	76,521
17	Customer Accounting	-	-	-	-	13,021
18	Customer Service & Information	-	-	-	-	1,406
19	Sales Expenses	-	-	-	-	-
	Administrative & General					
20	Operating Expenses	(626)	-	-	-	48,989
21	Depreciation/Amortization	-	-	-	-	23,877
22	Taxes	-	-	-	-	-
23	Total Admin. & General	(626)	-	-	-	72,866
24	Total Electric Expenses	(626)	(1,174)	-	(62,436)	425,029
25	OPERATING INCOME BEFORE FIT	626	1,174	-	(14,562)	143,494
	FEDERAL INCOME TAX					
26	Current Accrual	219	411	56	(5,097)	(29,081)
27	Debt Interest	-	-	-	-	21
28	Deferred Income Taxes	-	-	-	-	67,191
29	Amortized ITC - Noxon	-	-	-	-	(326)
30	NET OPERATING INCOME	407	763	(56)	(\$9,465)	105,689
	RATE BASE					
	PLANT IN SERVICE					
31	Intangible	\$0	\$0	\$0	\$0	\$156,057
32	Production	-	-	-	-	832,833
33	Transmission	-	-	-	-	430,613
34	Distribution	-	-	-	-	970,455
35	General	-	-	-	-	233,266
36	Total Plant in Service	-	-	-	-	2,623,224
	ACCUMULATED DEPRECIATION/AMORT					
37	Intangible	-	-	-	-	(30,914)
38	Production	-	-	-	-	(351,625)
39	Transmission	-	-	-	-	(135,624)
40	Distribution	-	-	-	-	(295,383)
41	General	-	-	-	-	(80,093)
42	Total Accumulated Depreciation	-	-	-	-	(893,639)
43	NET PLANT	-	-	-	-	1,729,585
44	DEFERRED TAXES	-	-	-	-	(353,900)
45	Net Plant After DFIT	-	-	-	-	1,375,685
46	DEFERRED DEBITS AND CREDITS	-	-	-	-	4,567
47	WORKING CAPITAL	-	-	-	-	62,474
48	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$1,442,726
49	RATE OF RETURN					7.33%