

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION d/b/a AVISTA UTILITIES,

Respondent.

DOCKET NOS. UE-190334 and UG-190335, UE-190222 (*Consolidated*)

ANDREA C. CRANE

ON BEHALF OF PUBLIC COUNSEL

EXHIBIT ACC-7

Details of Washington Gas Revenue Requirement Adjustments

October 3, 2019

AVISTA UTILITIES

WASHINGTON NATURAL GAS
TWELVE MONTHS ENDED DECEMBER 31, 2018
(000'S OF DOLLARS)

RESTATEMENT ADJUSTMENTS

**ACTUAL
RESULTS**

Line No.	DESCRIPTION	Per Results Report	Deferred FIT Rate Base	Deferred Debits and Credits	Working Capital	Remove AMI Rate Base	Eliminate B & O Taxes	Restate Property Tax	Uncollectible Expense	Regulatory Expense
	Adjustment Number	1.00	1.01	1.02	1.03	1.04	2.01	2.02	2.03	2.04
	Workpaper Reference	G-ROO	G-DFIT	G-DDC	G-WC	G-AMI	G-EBO	G-RPT	G-UE	G-RE
REVENUES										
1	Total General Business	\$ 140,625	\$ -	\$ -	\$ -	\$ -	\$ (5,070)	\$ -	\$ -	\$ -
2	Total Transportation	5,088	-	-	-	-	(128)	-	-	-
3	Other Revenues	50,681	-	-	-	-	-	-	-	-
4	Total Gas Revenues	196,394	-	-	-	-	(5,198)	-	-	-
EXPENSES										
Production Expenses										
5	City Gate Purchases	90,669	-	-	-	-	-	-	-	-
6	Purchased Gas Expense	955	-	-	-	-	-	-	-	-
7	Net Nat Gas Storage Trans	(292)	-	-	-	-	-	-	-	-
8	Total Production	91,332	-	-	-	-	-	-	-	-
Underground Storage										
9	Operating Expenses	1,532	-	-	-	-	-	-	-	-
10	Depreciation/Amortization	627	-	-	-	-	-	-	-	-
11	Taxes	302	-	-	-	-	-	(78)	-	-
12	Total Underground Storage	2,461	-	-	-	-	-	(78)	-	-
Distribution										
13	Operating Expenses	12,316	-	-	-	-	-	-	-	-
14	Depreciation/Amortization	11,642	-	-	-	-	-	-	-	-
15	Taxes	14,128	-	-	-	-	(5,184)	80	-	-
16	Total Distribution	38,086	-	-	-	-	(5,184)	80	-	-
17	Customer Accounting	7,234	-	10	-	-	-	-	(320)	-
18	Customer Service & Information	8,093	-	-	-	-	-	-	-	-
19	Sales Expenses	-	-	-	-	-	-	-	-	-
Administrative & General										
20	Operating Expenses	15,045	-	-	-	-	-	-	-	(50)
21	Depreciation/Amortization	8,492	-	-	-	-	-	-	-	-
22	Regulatory Amortizations	(1,559)	-	-	-	-	-	-	-	-
23	Taxes	-	-	-	-	-	-	-	-	-
24	Total Admin. & General	21,978	-	-	-	-	-	-	-	(50)
25	Total Gas Expense	169,184	-	10	-	-	(5,184)	2	(320)	(50)
26	OPERATING INCOME BEFORE FIT	27,210	-	(10)	-	-	(14)	(2)	320	50
FEDERAL INCOME TAX										
27	Current Accrual	2,557	-	(2)	-	-	(3)	(0)	67	11
28	Debt Interest	-	7	0	-	35	-	-	-	-
29	Deferred FIT	54	-	-	-	-	-	-	-	-
30	Amort ITC	(15)	-	-	-	-	-	-	-	-
31	NET OPERATING INCOME	\$ 24,614	\$ (7)	\$ (8)	\$ -	\$ (35)	\$ (11)	\$ (2)	\$ 253	\$ 40
RATE BASE										
PLANT IN SERVICE										
32	Underground Storage	\$ 28,442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Distribution Plant	462,636	-	-	-	(7,041)	-	-	-	-
34	General Plant	114,053	-	-	-	-	-	-	-	-
35	Total Plant in Service	605,131	-	-	-	(7,041)	-	-	-	-
ACCUMULATED DEPRECIATION/AMORT										
36	Underground Storage	(11,051)	-	-	-	-	-	-	-	-
37	Distribution Plant	(145,402)	-	-	-	433	-	-	-	-
38	General Plant	(32,354)	-	-	-	-	-	-	-	-
39	Total Accumulated Depreciation/Amortization	(188,807)	-	-	-	433	-	-	-	-
40	NET PLANT	416,324	-	-	-	(6,608)	-	-	-	-
41	DEFERRED TAXES	(88,908)	(1,247)	-	-	570	-	-	-	-
42	Net Plant After DFIT	327,416	(1,247)	-	-	(6,038)	-	-	-	-
43	GAS INVENTORY	8,355	-	-	-	-	-	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-	-	-
45	OTHER	5,338	-	(7)	-	-	-	-	-	-
46	WORKING CAPITAL	7,549	-	-	-	-	-	-	-	-
47	TOTAL RATE BASE	\$ 348,658	\$ (1,247)	\$ (7)	\$ -	\$ (6,038)	\$ -	\$ -	\$ -	\$ -
48	RATE OF RETURN	7.06%	-	-	-	-	-	-	-	-
50	REVENUE REQUIREMENT	-460	-105	10	0	-511	15	2	-335	-52

AVISTA UTILITIES
WASHINGTON NATURAL GAS
TWELVE MONTHS ENDED DECEMBER 31, 2018 **Adjusted**
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Injuries & Damages 2.05 G-ID	FIT / DFIT Expense 2.06 G-FIT	Office Space Charges to Non-Utility 2.07 G-OSC	Restate Excise Taxes 2.08 G-RET	Net Gains & Losses 2.09 G-NGL	Weather Normalization / Gas Cost Adjust 2.10 G-WNGC	Eliminate Adder Schedules 2.11 G-EAS	Misc. Restating Non-Util / Non-Recurring Expense 2.12 G-MR
	Adjustment Number	2.05	2.06	2.07	2.08	2.09	2.10	2.11	2.12
	Workpaper Reference	G-ID	G-FIT	G-OSC	G-RET	G-NGL	G-WNGC	G-EAS	G-MR
	REVENUES								
1	Total General Business	\$ -	\$ -	\$ -	\$ -	\$ -	6,259	\$ 5,056	\$ -
2	Total Transportation	-	-	-	-	-	-	-	-
3	Other Revenues	-	-	-	-	-	(3,321)	(51,690)	114
4	Total Gas Revenues	-	-	-	-	-	2,938	(46,634)	114
	EXPENSES								
	Production Expenses								
5	City Gate Purchases	-	-	-	-	-	2,651	(41,801)	-
6	Purchased Gas Expense	-	-	-	-	-	4	-	-
7	Net Nat Gas Storage Trans	-	-	-	-	-	-	292	-
8	Total Production	-	-	-	-	-	2,655	(41,509)	-
	Underground Storage								
9	Operating Expenses	-	-	-	-	-	-	-	-
10	Depreciation/Amortization	-	-	-	-	-	-	-	-
11	Taxes	-	-	-	-	-	-	-	-
12	Total Underground Storage	-	-	-	-	-	-	-	-
	Distribution								
13	Operating Expenses	-	-	-	-	-	-	-	(8)
14	Depreciation/Amortization	-	-	-	-	(13)	-	-	-
15	Taxes	-	-	-	-	-	240	194	-
16	Total Distribution	-	-	-	-	(13)	240	194	(8)
17	Customer Accounting	-	-	-	-	-	24	19	-
18	Customer Service & Information	-	-	-	-	-	-	(6,860)	(1)
19	Sales Expenses	-	-	-	-	-	-	-	-
	Administrative & General								
20	Operating Expenses	3	-	(17)	-	-	13	10	(371)
21	Depreciation/Amortization	-	-	-	-	-	-	-	-
22	Regulatory Amortizations	-	-	-	-	-	-	1,083	-
23	Taxes	-	-	-	-	-	-	-	-
24	Total Admin. & General	3	-	(17)	-	-	13	1,093	(371)
25	Total Gas Expense	3	-	(17)	-	(13)	2,932	(47,063)	(380)
26	OPERATING INCOME BEFORE FIT	(3)	-	17	-	13	6	429	494
	FEDERAL INCOME TAX								
27	Current Accrual	(1)	-	4	-	3	1	90	104
28	Debt Interest	-	-	-	-	-	-	-	-
29	Deferred FIT	-	-	-	-	-	-	339	-
30	Amort ITC	-	-	-	-	-	-	-	-
31	NET OPERATING INCOME	\$ (2)	\$ -	\$ 13	\$ -	\$ 10	\$ 5	\$ (0)	\$ 390
	RATE BASE								
	PLANT IN SERVICE								
32	Underground Storage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Distribution Plant	-	-	-	-	-	-	-	-
34	General Plant	-	-	-	-	-	-	-	-
35	Total Plant in Service	-	-	-	-	-	-	-	-
	ACCUMULATED DEPRECIATION/AMORT								
36	Underground Storage	-	-	-	-	-	-	-	-
37	Distribution Plant	-	-	-	-	-	-	-	-
38	General Plant	-	-	-	-	-	-	-	-
39	Total Accumulated Depreciation/Amortization	-	-	-	-	-	-	-	-
40	NET PLANT	-	-	-	-	-	-	-	-
41	DEFERRED TAXES	-	-	-	-	-	-	-	-
42	Net Plant After DFIT	-	-	-	-	-	-	-	-
43	GAS INVENTORY	-	-	-	-	-	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-	-
45	OTHER	-	-	-	-	-	-	-	-
46	WORKING CAPITAL	-	-	-	-	-	-	-	-
47	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
48	RATE OF RETURN								
50	REVENUE REQUIREMENT	3	0	-18	0	-14	-6	0	-517

AVISTA UTILITIES
WASHINGTON NATURAL GAS
TWELVE MONTHS ENDED DECEMBER 31, 2018
(000'S OF DOLLARS)

Adjusted

Line No.	DESCRIPTION	Restating Incentives Expense 2.13 G-RI	Restate Debt Interest 2.14 G-DI	Restate 2018 AMA Rate Base to EOP 2.15 G-EOP18	Restated TOTAL R-Ttl
	Adjustment Number	2.13	2.14	2.15	
	Workpaper Reference	G-RI	G-DI	G-EOP18	R-Ttl
	REVENUES				
1	Total General Business	\$ -	\$ -	\$ -	146,870
2	Total Transportation	-	-	-	4,960
3	Other Revenues	-	-	-	(4,216)
4	Total Gas Revenues	-	-	-	147,614
	EXPENSES				
	Production Expenses				
5	City Gate Purchases	-	-	-	51,519
6	Purchased Gas Expense	-	-	-	959
7	Net Nat Gas Storage Trans	-	-	-	-
8	Total Production	-	-	-	52,478
	Underground Storage				
9	Operating Expenses	-	-	-	1,532
10	Depreciation/Amortization	-	-	43	670
11	Taxes	-	-	-	224
12	Total Underground Storage	-	-	43	2,426
	Distribution				
13	Operating Expenses	-	-	-	12,308
14	Depreciation/Amortization	-	-	567	12,196
15	Taxes	-	-	-	9,458
16	Total Distribution	-	-	567	33,962
17	Customer Accounting	-	-	-	6,967
18	Customer Service & Information	-	-	-	1,232
19	Sales Expenses	-	-	-	-
	Administrative & General				
20	Operating Expenses	(703)	-	-	13,930
21	Depreciation/Amortization	-	-	961	9,453
22	Regulatory Amortizations	-	-	-	(476)
23	Taxes	-	-	-	-
24	Total Admin. & General	(703)	-	961	22,907
25	Total Gas Expense	(703)	-	1,571	119,972
26	OPERATING INCOME BEFORE FIT	703	-	(1,571)	27,642
	FEDERAL INCOME TAX				
27	Current Accrual	148	132	(330)	2,780
28	Debt Interest	-	-	(185)	(143)
29	Deferred FIT	-	-	-	393
30	Amort ITC	-	-	-	(15)
31	NET OPERATING INCOME	\$ 555	\$ (132)	\$ (1,056)	\$ 24,627
	RATE BASE				
	PLANT IN SERVICE				
32	Underground Storage	\$ -	\$ -	600	\$ 29,042
33	Distribution Plant	-	-	24,409	480,004
34	General Plant	-	-	12,935	126,988
35	Total Plant in Service	-	-	37,944	636,034
	ACCUMULATED DEPRECIATION/AMORT				
36	Underground Storage	-	-	(431)	(11,482)
37	Distribution Plant	-	-	(3,208)	(148,177)
38	General Plant	-	-	(2,338)	(34,692)
39	Total Accumulated Depreciation/Amortization	-	-	(5,977)	(194,351)
40	NET PLANT	-	-	31,967	441,683
41	DEFERRED TAXES	-	-	304	(89,281)
42	Net Plant After DFIT	-	-	32,271	352,402
43	GAS INVENTORY	-	-	-	8,355
44	GAIN ON SALE OF BUILDING	-	-	-	-
45	OTHER	-	-	-	5,331
46	WORKING CAPITAL	-	-	-	7,549
47	TOTAL RATE BASE	\$ -	\$ -	\$ 32,271	\$ 373,637
48	RATE OF RETURN				(1)
50	REVENUE REQUIREMENT	-735	175	4,373	1,824

(1) The Restated TOTAL column does not represent 12/31/2018 Test Period Commission Basis results of operation on a normalized basis (CBR basis). Differences exists due to inclusion of proposed cost of debt (pro forma versus CBR actual cost of debt) impacting Adjustment 2.14 above, and the inclusion of Restate 2018 AMA Rate base to EOP adjustment 2.15.

AVISTA UTILITIES
WASHINGTON NATURAL GAS
TWELVE MONTHS ENDED DECEMBER 31, 2018
(000'S OF DOLLARS)

PRO FORMA ADJUSTMENTS

Line No.	DESCRIPTION	Adjusted						
		Pro Forma Revenue Normalization	Pro Forma LEAP Deferral Amortization	Pro Forma Labor Non-Exec	Pro Forma Labor Exec	Pro Forma Employee Benefits	Pro Forma Insurance Expense	Pro Forma IS/IT Expense
		3.01	3.02	3.03	3.04	3.05	3.06	3.07
		G-PREV	G-PLEAP	G-PLN	G-PLE	G-PEB	G-PINS	G-PIT
	Adjustment Number							
	Workpaper Reference							
	REVENUES							
1	Total General Business	\$ (58,118)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Total Transportation	(5)	-	-	-	-	-	-
3	Other Revenues	4,549	-	-	-	-	-	-
4	Total Gas Revenues	(53,574)	-	-	-	-	-	-
	EXPENSES							
	Production Expenses							
5	City Gate Purchases	(51,519)	-	-	-	-	-	-
6	Purchased Gas Expense	-	-	16	-	10	-	-
7	Net Nat Gas Storage Trans	-	-	-	-	-	-	-
8	Total Production	(51,519)	-	16	-	10	-	-
	Underground Storage							
9	Operating Expenses	-	-	-	-	-	-	-
10	Depreciation/Amortization	-	-	-	-	-	-	-
11	Taxes	-	-	-	-	-	-	-
12	Total Underground Storage	-	-	-	-	-	-	-
	Distribution							
13	Operating Expenses	-	-	211	-	132	-	-
14	Depreciation/Amortization	-	-	-	-	-	-	-
15	Taxes	(2,230)	-	-	-	-	-	-
16	Total Distribution	(2,230)	-	211	-	132	-	-
17	Customer Accounting	(220)	-	112	-	71	-	-
18	Customer Service & Information	-	-	11	-	6	-	-
19	Sales Expenses	-	-	-	-	-	-	-
	Administrative & General							
20	Operating Expenses	(116)	-	152	27	103	(43)	241
21	Depreciation/Amortization	-	-	-	-	-	-	-
22	Regulatory Amortizations	-	1,745	-	-	-	-	-
23	Taxes	-	-	-	-	-	-	-
24	Total Admin. & General	(116)	1,745	152	27	104	(43)	241
25	Total Gas Expense	(54,085)	1,745	502	27	323	(43)	241
26	OPERATING INCOME BEFORE FIT	511	(1,745)	(502)	(27)	(323)	43	(241)
	FEDERAL INCOME TAX							
27	Current Accrual	107	(366)	(105)	(6)	(68)	9	(51)
28	Debt Interest	-	(1)	-	-	-	-	-
29	Deferred FIT	-	-	-	-	-	-	-
30	Amort ITC	-	-	-	-	-	-	-
31	NET OPERATING INCOME	\$ 404	\$ (1,378)	\$ (397)	\$ (21)	\$ (255)	\$ 34	\$ (190)
	RATE BASE							
	PLANT IN SERVICE							
32	Underground Storage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Distribution Plant	-	-	-	-	-	-	-
34	General Plant	-	-	-	-	-	-	-
35	Total Plant in Service	-	-	-	-	-	-	-
	ACCUMULATED DEPRECIATION/AMORT							
36	Underground Storage	-	-	-	-	-	-	-
37	Distribution Plant	-	-	-	-	-	-	-
38	General Plant	-	-	-	-	-	-	-
39	Total Accumulated Depreciation/Amortization	-	-	-	-	-	-	-
40	NET PLANT	-	-	-	-	-	-	-
41	DEFERRED TAXES	-	-	-	-	-	-	-
42	Net Plant After DFIT	-	-	-	-	-	-	-
43	GAS INVENTORY	-	-	-	-	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-
45	OTHER	-	95	-	-	-	-	-
46	WORKING CAPITAL	-	-	-	-	-	-	-
47	TOTAL RATE BASE	\$ -	\$ 95	\$ -	\$ -	\$ -	\$ -	\$ -
48	RATE OF RETURN	-	-	-	-	-	-	-
50	REVENUE REQUIREMENT	-535	1,834	525	28	338	-45	252

AVISTA UTILITIES
WASHINGTON NATURAL GAS
TWELVE MONTHS ENDED DECEMBER 31, 2018
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Adjusted		Adjusted		Adjusted		Pro Forma Total
		Pro Forma Property Tax	Pro Forma Depreciation Expense	Pro Forma 2019 Major Capital Adds	Pro Forma O&M Offsets	Pro Forma Fee Free Amortization	PF-STtd	
		3.08	3.09	3.10	3.11	3.12		
		G-PPT	G-PDEP	G-PCAP	G-POFF	G-PFEE		
	Adjustment Number	3.08	3.09	3.10	3.11	3.12		
	Workpaper Reference	G-PPT	G-PDEP	G-PCAP	G-POFF	G-PFEE		PF-STtd
	REVENUES							
1	Total General Business	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 88,752
2	Total Transportation	-	-	-	-	-		4,955
3	Other Revenues	-	-	-	-	-		333
4	Total Gas Revenues	-	-	-	-	-		94,040
	EXPENSES							
	Production Expenses							
5	City Gate Purchases	-	-	-	-	-		-
6	Purchased Gas Expense	-	-	-	-	-		985
7	Net Nat Gas Storage Trans	-	-	-	-	-		-
8	Total Production	-	-	-	-	-		985
	Underground Storage							
9	Operating Expenses	-	-	-	-	-		1,532
10	Depreciation/Amortization	-	(244)	-	-	-		426
11	Taxes	13	-	-	-	-		237
12	Total Underground Storage	13	(244)	-	-	-		2,195
	Distribution							
13	Operating Expenses	-	-	-	-	-		12,651
14	Depreciation/Amortization	-	(731)	-	-	-		11,465
15	Taxes	199	-	-	-	-		7,427
16	Total Distribution	199	(731)	-	-	-		31,543
17	Customer Accounting	-	-	-	-	31		6,961
18	Customer Service & Information	-	-	-	-	-		1,249
19	Sales Expenses	-	-	-	-	-		-
	Administrative & General							
20	Operating Expenses	-	-	-	-	-		14,294
21	Depreciation/Amortization	-	(543)	-	-	-		8,910
22	Regulatory Amortizations	-	-	-	-	836		2,105
23	Taxes	-	-	-	-	-		-
24	Total Admin. & General	-	(543)	-	-	836		25,309
25	Total Gas Expense	212	(1,518)	-	-	867		68,242
26	OPERATING INCOME BEFORE FIT	(212)	1,518	-	-	(867)		25,798
	FEDERAL INCOME TAX							
27	Current Accrual	(45)	319	-	-	(182)		2,392
28	Debt Interest	-	-	-	-	-		(144)
29	Deferred FIT	-	-	-	-	-		393
30	Amort ITC	-	-	-	-	-		(15)
31	NET OPERATING INCOME	\$ (167)	\$ 1,199	\$ -	\$ -	\$ (685)		\$ 23,171
	RATE BASE							
	PLANT IN SERVICE							
32	Underground Storage	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 29,042
33	Distribution Plant	-	-	-	-	-		480,004
34	General Plant	-	-	-	-	-		126,988
35	Total Plant in Service	-	-	-	-	-		636,034
	ACCUMULATED DEPRECIATION/AMORT							
36	Underground Storage	-	-	-	-	-		(11,482)
37	Distribution Plant	-	-	-	-	-		(148,177)
38	General Plant	-	-	-	-	-		(34,692)
39	Total Accumulated Depreciation/Amortization	-	-	-	-	-		(194,351)
40	NET PLANT	-	-	-	-	-		441,683
41	DEFERRED TAXES	-	-	-	-	-		(89,281)
42	Net Plant After DFIT	-	-	-	-	-		352,402
43	GAS INVENTORY	-	-	-	-	-		8,355
44	GAIN ON SALE OF BUILDING	-	-	-	-	-		-
45	OTHER	-	-	-	-	-		5,426
46	WORKING CAPITAL	-	-	-	-	-		7,549
47	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 373,732
48	RATE OF RETURN							
50	REVENUE REQUIREMENT	222	-1,588	0	0	907		3,761