Exhibit BGM-9 Dockets UE-150204/UG-150205 Witness: Bradley G. Mullins

BEFORE THE

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

| WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, |) DOCKETS UE-150204 and) UG-150205 (consolidated) |
|---|---|
| Complainant, |) |
| V. |) |
| AVISTA CORPORATION d/b/a AVISTA UTILITIES, |) |
| Respondent. |))) |

EXHIBIT BGM-9

COMMISSION-APPROVED ELECTRIC SERVICES ATTRITION STUDY

ORDER 05 2016 WASHINGTON ELECTRIC ATTRITION STUDY

Washington - Electric System Twelve Months Ended December 31, 2014 (000's of Dollars)

| | | (a) | (b) | (c) |
|------|--|-------------|---------------|------------------------|
| Line | | Attrition | Revenue | Attrition Study |
| No. | Description | Balances | Growth Factor | Results |
| 1 | 2016 Rate Base | \$1,357,851 | 1.013115 | \$1,340,273 |
| 2 | Setlement Rate of Return | | - | 7.29% |
| 3 | Net Operating Income Requirement | | | \$97,706 |
| 4 | 2016 Net Operating Income (at 2015 rates) | \$103,723 | 1.013115 | \$102,380 |
| 5 | 2016 Rate of Return (at 2015 rates) | | | 7.64% |
| 6 | 2016 Net Operating Income Deficiency (Surplus) | | | (\$4,674) |
| 7 | Gross-up Conversion Factor | | | 0.62018 |
| 8 | 2016 Attrition Revenue Deficiency | | [| (\$7,537) |
| 9 | 2016 Total General Business Revenues (at 2015 rates) | | | \$499,982 |
| 10 | Attrition-based 2016 revenue requirement | | [| \$492,445 |
| 11 | Percent Revenue Requirement Change (vs. 2015) | | | -1.51% |

Multiparty Settlement - Cost of Capital

Washington - Electric System

Twelve Months Ended December 31, 2014

| Proposed Cap Structure | | | |
|------------------------|----------------------|-------|------------------|
| Component | Capital Structure | Cost | Weighted Cost |
| Total Debt | 51.50% | 5.20% | 2.68% |
| Common | 48.50% | 9.50% | 4.61% |
| Total | 100.00% | = | 7.29% |

Revenue Conversion Factor Washington - Electric System

Twelve Months Ended December 31, 2014

| Line No. | Description | Factor |
|-------------|---------------------------------|----------|
| 1 | Revenues | 1.000000 |
| | Expense: | |
| 2 | Uncollectibles | 0.005353 |
| 3 | Commission Fees | 0.002000 |
| 4 | Washington Excise Tax | 0.038527 |
| 5 | Total Expense | 0.045880 |
| 6 | Net Operating Income Before FIT | 0.954120 |
| 7 | Federal Income Tax @ 35% | 0.333942 |
| 8 | REVENUE CONVERSION FACTOR | 0.620180 |

2016 ELECTRIC ATTRITION REVENUE REQUIREMENT (\$000)

| | | De la Description de la Company de la Compan | | | | | | | | | | | | | |
|----------------|--|--|--|---|-----------------|--|----------------------|--|--|---|-----------------------------|---|---|---|--|
| | 1 | | Determine Base | Cost and Re | venue to Escala | te | Escalate N | on-Energy C | Cost | Other Cost & | Revenue A | djustments | | | |
| 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 | Normalization | December 2014 Escalation Base | Escalation Factor | Energy Cost 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 Refund Correction | After Attrition Adj - Project Compass | 2016 Revenue and Cost [H]+[I]+[J]+[K]+ [L] = [M] | |
| | onths Ended December 31, 2013 | [A] | [B] | [C] | [D] | [E] | [F] | [G] | [H] | [I] | [J] | [K] | [L] | [M] | |
| I WEIVE IVI | REVENUES | [11] | رصا | [C] | رتا | | [+] | [0] | [11] | [+] | [4] | ابدا | լեյ | [141] | |
| 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 | | - | _ | - | | | | 57,325 | (6,163) | | | 51,162 | |
| 4 | Subtotal: Sales of Electricity | 550,292 | | - | 10,688 | 499,982 | | | 499,982 | 57,325 | 394 | | | 557,701 | |
| 5 | Other Revenue | 17,163 | (13,684) | - | | 3,479 | 0.00% | | 3,479 | 10,500 | 29 | | | 14,008 | |
| 6 | Total Electric Revenue | 567,455 | • | - | 10,688 | 503,461 | - | | 503,461 | 67,825 | 423 | | | 571,709 | |
| | EXPENSES Production and Transmission | | | | | | | | | | | | | | |
| 7 | Operating Expenses | \$ 120,307 | . (,, | \$ - | \$ - | \$ 50,831 | 6.42% | \$ 3,263 | \$ 54,094 | \$ 79,630 | \$ 9,676 | \$ 180 | Ţ | \$ 143,580 | |
| 8 | Purchased Power | 116,643 | (116,641) | - | - | 2 | | - | 2 | 77,131 | 387 | | - | 77,520 | |
| 9 | Depreciation/Amortization | 23,715 | | | _ | 23,715 | 9.55% | 2,264 | 25,979 | - | | | | 25,979 | |
| 10 | Regulatory Amortization | 8,101 | ŀ | (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 | Transmission | 281,594 | (186,117) | (3,409) | - | 92,068 | | 7,062 | 99,130 | 156,761 | 10,063 | 180 | | 266,134 | |
| | Distribution | | | | | | | | | | | | | | |
| 13 | Operating Expenses | \$ 21,299 | | \$ - | \$ - | \$ 21,299 | 6.42% | \$ 1,367 | \$ 22,666 | | | | | \$ 22,666 | |
| 14 | Depreciation/Amortization Regulatory Amortizations | 23,794 | | - | - | 23,794 | 9.55% | 2,272 | 26,066 | | | | | 26,066 | |
| 15 | Taxes | 25,575 | | _ | 412 | 25,987 | 11.96% | 3,108 | 29,095 | | 252 | | | 29,347 | |
| 16 | Subtotal: Distribution | 70,668 | | | 412 | 71,080 | -11,070 | 6,747 | 77,827 | - | 252 | - | | 78,080 | |
| | | | | | | | | | | | | | | | |
| 17 | Customer Accounting | \$ 11,166 | | \$ - | \$ 57 | \$ 11,223 | 6.42% | \$ 720 | * / | | \$ 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 | | | i | 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) | | 238,932 | | 19,204 | 258,136 | 156,761 | 10,363 | 180 | 3,887 | 429,327 | |
| 25 | OPERATING INCOME BEFORE FI | , | , , | | | | | \$ (19,204) | \$ 245,325 | \$ (88,936) | \$ (9,940) | \$ (180) | \$ (3,887) | \$ 142,382 | |

| 2016 ELECTRIC ATTRITION REVEN | NUE REQUIREMENT (\$000) |
|-------------------------------|-------------------------|

| | | KEVENUE REQUIREMENT (5000) | | | | | | | | | | | | | |
|----------------|---|----------------------------|-------------------|-----------------|-----------------|-------------|--|-------------|-------------|--------------|------------|-----------------|-----------------|----------------------|--|
| | | D | etermine Base | Cost and Rev | venue to Escala | te | Escalate Non-Energy Cost Other Cost & Revenu | | | | Revenue A | ie Adjustments | | | |
| | | 12.2014 | | | | | | Non- | | | | | | | |
| | | Commission | (less) 12.2014 | Deferred | Pro Forma | December | | Energy | Trended | (plus) | (plus) | After Attrition | After Attrition | 2016 Revenue | |
| | | Basis Report | Normalized | Debit/Credit | Revenue | 2014 | Escalation | Cost | 2016 Non- | 12.2014 Pro- | Revenue | Adj - Colstrip | Adj - Project | and Cost | |
| | | Restated | Net Power | & Reg. | Normalization | Escalation | Factor | Escalation | Energy Cost | Formed Net | Growth | Refund | Compass | [H]+[I]+[J]+[K]+ | |
| Line Number | DESCRIPTION | Totals ¹ | Supply Cost | Amorts Adjs | Adjustment | Base | | Amount | [E]+[G]=[H] | Energy Cost | Growth | Correction | Compass | [L] = [M] | |
| Number | DESCRIPTION | | FD1 | 101 | ID1 | FE3 | rra | [E]*[F]=[G] | FT 17 | FT7 | rm. | FTZ1 | FT 1 | F) (1) | |
| | Federal Income Tax | [A] | [B] | [C] | [D] | [E] | [F] | [G] | [H] | [I] | [J] | [K] | [L] | [M] | |
| 26 | Current Accrual | \$ (7,683) | \$ 39,002 | \$ 1,193 | \$ 3,569 | \$ 36,081 | | ¢ (6.721) | \$ 29,360 | ¢ (21.129) | ¢ (2.470) | \$ (63) | ¢ (1.260) | \$ (6.670) | |
| 26 | Debt Interest | (()) | \$ 39,002 | \$ 1,193 | \$ 3,569 | | | \$ (6,721) | | \$ (31,128) | \$ (3,479) | \$ (63) | | | |
| 27 | | (136) | - | 60 | - | (76) | | (157) | . , | | | | (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 OPED ATING INCOME | \$ 101,349 | \$ 72,433 | \$ 2,156 | \$ 6,629 | \$ 182,567 | | \$ (12,326) | \$ 170,241 | ¢ (57.000) | \$ (6,461) | \$ (117) | \$ (2,132) | \$ 103,723 | |
| 31 | NET OPERATING INCOME | \$ 101,349 | \$ 72,433 | \$ 2,156 | \$ 6,629 | \$ 182,567 | | \$ (12,320) | \$ 1/0,241 | \$ (57,808) | \$ (0,401) | \$ (117) | \$ (2,132) | \$ 103,723 | |
| | RATE BASE | | | | | | | | | | | | | | |
| | Plant in Service | | | | | | | | | | | | | | |
| 32 | Intangible | \$ 102,620 | | \$ - | \$ - | \$ 102,620 | 7.83% | | \$ 110,654 | | | | \$ 46,004 | | |
| 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 Amo | | | | | | | | | | | | | \$ - | |
| 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) | |
| | Subtotal: Accumulated | | | | | | | | | | | | | | |
| 43 | 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 | 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 | | | | \$ 42,058 | \$ - \$ 1,357,851 | |
| 47 | ¹ Workpapers for 12.2014 Commission Ba | | - | . (/ / | | | | \$ 40,000 | \$1,313,792 | | | | \$ 42,036 | \$ 1,337,631 | |
| 50 | RATE OF RETURN | 7.96% | d with Avista's R | esponse to Stan | _DR_130 Revised | • | | | | | | | | 7.64% | |
| 30 | | | | | | | | | | | | | | 7.0470 | |
| | ATTRITION ADJUSTED REVENU | JE REQUIREM | ENT | | | | | | | | | | | | |
| | Proposed Rate of Return | | | | | | | | | | | | | 7.29% | |
| | Return on Plant in Service at Propos | ed 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 Require | ment | | | | | | | | | | | | \$ (7,537) | |