

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-16 _____

EXHIBIT NO. ____ (EMA-2)

ELIZABETH M. ANDREWS

REPRESENTING AVISTA CORPORATION

AVISTA
2017 WASHINGTON ELECTRIC ATTRITION STUDY
Calculation of General Revenue Requirement
Twelve Months Ended September 30, 2015
(000's of Dollars)

Line No.	Description	(a) Attrition Balances	(b) Revenue Growth Factor	(c) Attrition Study Results
1	2017 Rate Base	\$1,498,536	1.015632	\$1,475,472
2	Proposed Rate of Return			<u>7.64%</u>
3	Net Operating Income Requirement			\$112,726
4	2017 Net Operating Income (at 2016 rates)	<u>\$90,207</u>	1.015632	<u>\$88,819</u>
5	2017 Rate of Return (at 2016 rates)			6.02%
6	2017 Net Operating Income Deficiency (Surplus)			\$23,907
7	Gross-up Conversion Factor			0.61986
8	2017 Attrition Revenue Deficiency			\$38,568
9	2017 Total General Business Revenues (at 2016 rates)			\$495,064
10	Attrition-based 2017 revenue requirement			\$533,632
11	Percent Revenue Requirement Change (vs. 2016)			7.79%

Proposed Cost of Capital

Washington - Electric System

Twelve Months Ended September 30, 2015

Proposed Cap Structure*			
<u>Component</u>	<u>Capital Structure</u>	<u>Cost</u>	<u>Weighted Cost</u>
Total Debt	51.50%	5.51%	2.84%
Common	48.50%	9.90%	4.80%
Total	<u>100.00%</u>		<u>7.64%</u>

*Based on 2017 estimated capital structure and cost of debt.

Revenue Conversion Factor
Washington - Electric System
Twelve Months Ended September 30, 2015

Line No.	Description	Factor
1	Revenues	<i>1.000000</i>
	Expense:	
2	Uncollectibles	0.005855
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038507
5	Total Expense	<u>0.046363</u>
6	Net Operating Income Before FIT	<i>0.953637</i>
7	Federal Income Tax @ 35%	<u>0.333773</u>
8	REVENUE CONVERSION FACTOR	<u><u>0.619864</u></u>

2017 ELECTRIC ATRITION REVENUE REQUIREMENT

Line Number	DESCRIPTION	Determine Base Cost and Revenue to Escalate					Escalate Non-Energy Cost				Other Cost & Revenue Adjs.					
		12ME 09.2015 AMA Commission Basis Report Totals ¹	(less) 09.2015 Normalized Net Power Supply Cost	Deferred Dr/Cr; Reg. Amorts & Misc Adjs	Net Retired Meter Deferral & Amort Adjustment	Add 12.2015 Plant	Pro Forma Revenue Normalization Adjustment	12ME 12.2015 AMA Escalation Base	Escalation Factor	Non-Energy Cost Escalation Amount [G]*[H]=[I]	Trended 2017 Non-Energy Cost [G]+[I]=[J]	(plus) 2017 Pro-Formed Net Energy Cost	(plus) Revenue Growth	After Attrition Adj. Spokane River Projects	After Attrition Adj AMI Capital Project	2017 Revenue and Cost [J]+[K]+[L]+[M]+[N]=[O]
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]
REVENUES																
1	Total General Business	\$ 499,323					\$ (5,179)	\$ 494,144	1.56%		\$ 494,144		\$ 7,724		\$ 501,868	
2	Interdepartmental Sales	\$ 920					\$ -	\$ 920	1.56%		\$ 920		\$ 14		\$ 934	
3	Sales for Resale	\$ 65,944	\$ (65,944)				\$ -	\$ -				\$ 37,211	\$ (2,489)		\$ 34,722	
4	Subtotal: Sales of Electricity	\$ 566,187	\$ (65,944)				\$ (5,179)	\$ 495,064			\$ 495,064	\$ 37,211	\$ 5,250	\$ -	\$ 537,525	
5	Other Revenue	\$ 12,625	\$ (11,316)				\$ 1,882	\$ 3,191	0.00%		\$ 3,191	\$ 10,932	\$ -		\$ 14,123	
6	Total Electric Revenue	\$ 578,812	\$ (77,260)	\$ -	\$ -	\$ -	\$ (3,297)	\$ 498,255			\$ 498,255	\$ 48,143	\$ 5,250	\$ -	\$ 551,648	
EXPENSES																
Production and Transmission																
7	Operating Expenses ²	\$ 128,239	\$ (77,563)	\$ 459			\$ -	\$ 51,135	8.00%	\$ 4,090	\$ 55,225	\$ 80,894	\$ -		\$ 136,119	
8	Purchased Power	\$ 96,496	\$ (96,496)				\$ -	\$ -		\$ -	\$ -	\$ 71,041	\$ 831		\$ 71,872	
9	Depreciation/Amortization	\$ 24,379				\$ 174	\$ -	\$ 24,553	9.10%	\$ 2,234	\$ 26,787	\$ -	\$ 1,333		\$ 28,120	
10	Regulatory Amortization	\$ 6,584		\$ (1,753)			\$ -	\$ 4,831	0.00%	\$ -	\$ 4,831	\$ -			\$ 4,831	
11	Taxes	\$ 13,712					\$ -	\$ 13,712	10.53%	\$ 1,444	\$ 15,156				\$ 15,156	
12	Subtotal: Production and Transmission	\$ 269,410	\$ (174,059)	\$ (1,294)	\$ -	\$ 174	\$ -	\$ 94,231		\$ 7,767	\$ 101,998	\$ 151,935	\$ 831	\$ 1,333	\$ -	\$ 256,097
Distribution																
13	Operating Expenses ²	\$ 22,960					\$ -	\$ 22,960	8.00%	\$ 1,836	\$ 24,796				\$ 24,796	
14	Depreciation/Amortization	\$ 24,945			\$ (84)	\$ 142	\$ -	\$ 25,003	9.10%	\$ 2,275	\$ 27,278			\$ 1,129	\$ 28,407	
15	Regulatory Amortizations	\$ -			\$ 1,237			\$ 1,237	0.00%	\$ -	\$ 1,237				\$ 1,237	
16	Taxes	\$ 27,516					\$ (199)	\$ 27,317	10.53%	\$ 2,877	\$ 30,194		\$ 297		\$ 30,491	
17	Subtotal: Distribution	\$ 75,421	\$ -	\$ -	\$ 1,153	\$ 142	\$ (199)	\$ 76,517		\$ 6,988	\$ 83,504	\$ -	\$ 297	\$ -	\$ 1,129	\$ 84,931
18	Customer Accounting	\$ 11,631					\$ (30)	\$ 11,601	8.00%	\$ 928	\$ 12,529		\$ 45		\$ 12,574	
19	Customer Service & Information	\$ 1,519					\$ -	\$ 1,519	8.00%	\$ 121	\$ 1,640				\$ 1,640	
20	Sales Expenses	\$ -					\$ -	\$ -	8.00%	\$ -	\$ -				\$ -	
Administrative & General																
21	Operating Expenses ²	\$ 49,261		\$ (622)			\$ (10)	\$ 48,629	8.00%	\$ 3,889	\$ 52,518		\$ 15		\$ 52,534	
22	Depreciation/Amortization	\$ 20,268				\$ 1,598	\$ -	\$ 21,866	9.10%	\$ 1,989	\$ 23,855			\$ 2,151	\$ 26,006	
23	Taxes	\$ -					\$ -	\$ -	10.53%	\$ -	\$ -				\$ -	
24	Subtotal: A&G	\$ 69,529	\$ -	\$ (622)	\$ -	\$ 1,598	\$ (10)	\$ 70,495		\$ 5,879	\$ 76,374	\$ -	\$ 15	\$ -	\$ 78,540	
25	Total Electric Expenses	\$ 427,510	\$ (174,059)	\$ (1,916)	\$ 1,153	\$ 1,914	\$ (239)	\$ 254,363		\$ 21,683	\$ 276,046	\$ 151,935	\$ 1,189	\$ 1,333	\$ 433,783	
26	OPERATING INCOME BEFORE FIT	\$ 151,302	\$ 96,799	\$ 1,916	\$ (1,153)	\$ (1,914)	\$ (3,058)	\$ 243,892		\$ (21,683)	\$ 222,209	\$ (103,792)	\$ 4,061	\$ (1,333)	\$ (3,280)	\$ 117,865

¹Workpapers for 9.2015 Commission Basis Reports provided with Andrews' workpapers.

²Used 12ME September 30, 2015 for operating expenses as being representative of calendar 2015, which may slightly understate O&M expenses.

2017 ELECTRIC ATTRITION REVENUE REQUIREMENT

CBR Line Number	\$000s															
	Determine Base Cost and Revenue to Escalate							Escalate Non-Energy Cost			Other Cost & Revenue A					
	12.2014 Commission Basis Restated Totals ¹	(less) 09.2015 Normalized Net Power Supply Cost	Deferred Dr/Cr; Reg. Amorts & Misc Adjs	Net Retired Meter Deferral & Amort Adjustment	Add 12.2015 Plant	Pro Forma Revenue Normalization Adjustment	12ME 12.2015 AMA Escalation Base	Escalation Factor	Non-Energy Cost Escalation Amount [G]*[H]=[I]	Trended 2017 Non-Energy Cost [G]+[I]=[J]	(plus) 2017 Pro-Formed Net Energy Cost	(plus) Revenue Growth	After Attrition Adj. Spokane River Projects	After Attrition Adj AMI Capital Project	2017 Revenue and Cost [J]+[K]+[L]+[M]+[N]= [O]	
[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]		
	Federal Income Tax															
26	Current Accrual	\$ (2,975)	\$ 33,880	\$ 671	\$ (403)	\$ (670)	\$ (1,070)	\$ 29,433	\$ (7,589)	\$ 21,844	\$ (36,327)	\$ 1,421	\$ (467)	\$ (1,148)	\$ (14,677)	
27	Debt Interest	\$ (54)	\$ -	\$ 140	\$ -	\$ (228)	\$ -	\$ (142)	\$ (1,402)	\$ (1,545)	\$ -	\$ (554)	\$ (206)	\$ (2,304)		
28	Deferred Income Taxes	\$ 44,788	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,788	\$ -	\$ 44,788	\$ -	\$ -	\$ -	\$ 44,788		
29	Amortized ITC - Noxon	\$ (128)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (128)	\$ -	\$ (128)	\$ -	\$ (22)	\$ -	\$ (150)		
31	NET OPERATING INCOME	\$ 109,671	\$ 62,919	\$ 1,105	\$ (750)	\$ (1,016)	\$ (1,988)	\$ 169,941	\$ (12,691)	\$ 157,250	\$ (67,465)	\$ 2,639	\$ (291)	\$ (1,926)	\$ 90,207	
	RATE BASE															
	Plant in Service															
						(3)										
32	Intangible	\$ 132,877	\$ -	\$ -	\$ -	\$ 17,298	\$ -	\$ 150,175	7.79%	\$ 11,692	\$ 161,867	\$ -	\$ 4,613	\$ 166,480		
33	Production	\$ 762,834	\$ -	\$ -	\$ -	\$ 6,305	\$ -	\$ 769,139	7.79%	\$ 59,880	\$ 829,019	\$ 71,295	\$ -	\$ 900,314		
34	Transmission	\$ 390,240	\$ -	\$ -	\$ -	\$ 5,019	\$ -	\$ 395,259	7.79%	\$ 30,772	\$ 426,031	\$ -	\$ -	\$ 426,031		
35	Distribution	\$ 880,960	\$ -	\$ -	\$ (18,551)	\$ 16,587	\$ -	\$ 878,996	7.79%	\$ 68,433	\$ 947,429	\$ -	\$ 16,949	\$ 964,378		
36	General	\$ 207,659	\$ -	\$ -	\$ -	\$ (2,945)	\$ -	\$ 204,714	7.79%	\$ 15,938	\$ 220,652	\$ -	\$ 4,742	\$ 225,394		
37	Subtotal: Plant in Service	\$ 2,374,570	\$ -	\$ -	\$ (18,551)	\$ 42,264	\$ -	\$ 2,398,283		\$ 186,715	\$ 2,584,998	\$ 71,295	\$ 26,304	\$ 2,682,597		
	Accumulated Depreciation and Amortization															
38	Intangible	\$ (23,450)	\$ -	\$ -	\$ -	\$ (1,396)	\$ -	\$ (24,846)	7.79%	\$ (1,934)	\$ (26,780)	\$ -	\$ (513)	\$ (27,293)		
39	Production	\$ (334,622)	\$ -	\$ -	\$ -	\$ (2,322)	\$ -	\$ (336,944)	7.79%	\$ (26,232)	\$ (363,176)	\$ (1,432)	\$ -	\$ (364,608)		
40	Transmission	\$ (126,839)	\$ -	\$ -	\$ -	\$ (584)	\$ -	\$ (127,423)	7.79%	\$ (9,920)	\$ (137,343)	\$ -	\$ -	\$ (137,343)		
41	Distribution	\$ (268,267)	\$ -	\$ -	\$ -	\$ (5,477)	\$ -	\$ (273,744)	7.79%	\$ (21,312)	\$ (295,056)	\$ -	\$ (564)	\$ (295,620)		
42	General	\$ (70,794)	\$ -	\$ -	\$ -	\$ 2,234	\$ -	\$ (68,560)	7.79%	\$ (5,338)	\$ (73,898)	\$ -	\$ (562)	\$ (74,460)		
43	Subtotal: Accumulated Depreciation and Amortization	\$ (823,972)	\$ -	\$ -	\$ -	\$ (7,545)	\$ -	\$ (831,517)		\$ (64,736)	\$ (896,253)	\$ (1,432)	\$ (1,639)	\$ (899,324)		
44	Net Plant	\$ 1,550,598	\$ -	\$ -	\$ (18,551)	\$ 34,719	\$ -	\$ 1,566,766		\$ 121,978	\$ 1,688,744	\$ 69,863	\$ 24,665	\$ 1,783,272		
45	Deferred Taxes	(300,583)	\$ -	\$ -	\$ -	\$ (10,981)	\$ -	\$ (311,564)	7.79%	\$ (24,256)	\$ (335,820)	\$ (14,178)	\$ (3,962)	\$ (353,960)		
46	Net Plant After Deferred taxes	\$ 1,250,015	\$ -	\$ -	\$ (18,551)	\$ 23,738	\$ -	\$ 1,255,202	\$ 0	\$ 97,722	\$ 1,352,924	\$ 55,685	\$ 20,703	\$ 1,429,312		
47	Deferred Debits and Credits	8,204	\$ (6,302)	\$ 18,551	\$ -	\$ -	\$ -	\$ 20,453	0.00%	\$ -	\$ 20,453	\$ -	\$ -	\$ 20,453		
48	Working Capital	56,566	\$ (7,795)	\$ -	\$ -	\$ -	\$ -	\$ 48,771	0.00%	\$ -	\$ 48,771	\$ -	\$ -	\$ 48,771		
49	TOTAL RATE BASE	\$ 1,314,785	\$ -	\$ (14,097)	\$ -	\$ 23,738	\$ -	\$ 1,324,426		\$ 97,722	\$ 1,422,148	\$ 55,685	\$ 20,703	\$ 1,498,536		
	¹ Workpapers for 09.2015 Commission Basis Reports provided with Andrews' workpapers.															
	³ Includes Plant Held for Furture Use - See Andrews' workpapers															
50	RATE OF RETURN	8.34%											7,333	5,659	6.02%	
	ATTRITION ADJUSTED REVENUE REQUIREMENT															
50	Proposed Rate of Return														7.64%	
51	Return on Plant in Service at Proposed Rate														\$ 114,488	
52	Operating Income Deficiency														\$ 24,281	
53	Revenue Conversion Factor														0.61986	
54	Revenue Requirement														\$ 39,171	
55	Revenue Growth Factor														1.015632	
56	Attrition Adjusted Revenue Requirement														\$ 38,568	

ELECTRIC COST AND REVENUE TREND CALCULATIONS 2007-2015

AVISTA UTILITIES

Commission Basis Results of Operations

(000'S OF DOLLARS)										UPDATED
Line		2007	2008	2009	2010	2011	2012	2013	2014	9.2015
No. REVENUES										
1	Total General Business	\$326,335	\$365,425	\$402,618	\$415,740	\$451,837	\$459,266	\$468,006	\$488,372	\$499,323
2	Interdepartmental Sales	739	820	872	790	820	816	884	922	920
3	Sales for Resale	34,954	46,848	31,491	133,479	52,604	54,549	75,349	60,998	65,944
4	Total Sales of Electricity	362,028	413,093	434,981	550,009	505,261	514,631	544,239	550,292	566,187
5	Other Revenue	10,170	10,927	9,395	11,786	13,666	13,089	13,408	17,163	12,625
6	Total Electric Revenue	372,198	424,020	444,376	561,795	518,927	527,720	557,647	567,455	578,812
EXPENSES										
Production and Transmission										
7	Operating Expenses	102,890	117,123	87,599	147,107	145,634	131,795	143,904	120,307	128,239
8	Purchased Power	65,640	72,508	100,437	142,197	91,142	101,283	109,034	116,643	96,496
9	Depreciation/Amortization	24,877	23,076	23,969	25,008	25,158	25,680	23,284	23,715	24,379
10	Regulatory Amortization	(3,082)	(1,076)	(1,703)	(2,879)	403	(7,744)	8,629	8,101	6,584
11	Taxes	8,319	8,146	9,014	9,955	10,846	11,456	12,913	12,828	13,712
12	Total Production & Transmission	198,644	219,777	219,316	321,388	273,183	262,470	297,764	281,594	269,410
Distribution										
13	Operating Expenses	14,563	17,329	17,267	18,354	19,081	21,152	20,878	21,299	22,960
14	Depreciation/Amortization	11,333	15,611	16,809	17,985	19,240	20,749	22,303	23,794	24,945
15	Taxes	16,156	17,416	18,207	19,990	22,393	22,595	23,288	25,575	27,516
16	Total Distribution	42,052	50,356	52,283	56,329	60,714	64,496	66,469	70,668	75,421
17	Customer Accounting	7,514	7,919	9,646	9,261	10,275	10,336	11,334	11,166	11,631
18	Customer Service & Information	7,472	12,847	19,736	20,832	21,292	18,487	1,516	1,383	1,519
19	Sales Expenses	682	571	660	176	4	5	5	0	0
Administrative & General										
20	Operating Expenses	35,844	35,982	38,461	44,662	44,779	49,333	43,310	46,210	49,261
21	Depreciation/Amortization	6,739	7,187	7,688	9,277	10,906	12,517	14,721	16,947	20,268
22	Taxes	(9)	(3)	(3)	2	0	(4)	0	0	0
23	Total Admin. & General	42,574	43,166	46,146	53,941	55,685	61,846	58,031	63,157	69,529
24	Total Electric Expenses	298,938	334,636	347,787	461,927	421,153	417,640	435,119	427,968	427,510
25	OPERATING INCOME BEFORE FIT	73,260	89,384	96,589	99,868	97,774	110,080	122,528	139,487	151,302
FEDERAL INCOME TAX										
26	Current Accrual	5,070	(6,217)	(1,846)	9,263	6,569	11,499	19,267	(7,683)	(2,975)
27	Debt Interest	0	0	0	0	207	70	1	(136)	(54)
28	Deferred Income Taxes	6,497	26,634	23,983	13,823	16,402	15,684	10,613	46,085	44,788
29	Amortized ITC - Noxon	0	0	(58)	(83)	(99)	(128)	(130)	(128)	(469)
30	Levelized Settlement Exchange Power	0	0	0	0	0	0	0	(108)	0
31	NET OPERATING INCOME	\$61,693	\$68,967	\$74,510	\$76,865	\$74,695	\$82,954	\$92,777	\$101,457	\$110,012

Note: The Regulatory Amortization Category has been restated in prior years to reflect consistency with the current reporting format.

ELECTRIC COST AND REVENUE TREND CALCULATIONS 2007-2015

AVISTA UTILITIES

Commission Basis Results of Operations

(000'S OF DOLLARS)

Line No	RATE BASE	2007	2008	2009	2010	2011	2012	2013	2014	9.2015
	PLANT IN SERVICE									
32	Intangible	\$20,632	\$23,321	\$57,116	\$81,955	\$84,081	\$85,247	\$91,466	\$102,620	\$132,877
33	Production	645,576	657,099	677,646	692,689	706,894	717,448	738,315	746,101	762,834
34	Transmission	259,532	289,302	301,090	312,505	328,012	342,382	359,941	371,971	390,240
35	Distribution	529,067	561,248	602,201	642,143	696,082	743,732	796,640	842,795	880,960
36	General	81,368	91,205	98,727	120,996	140,218	155,104	179,134	196,867	207,659
37	Total Plant in Service	1,536,175	1,622,175	1,736,780	1,850,288	1,955,287	2,043,913	2,165,496	2,260,354	2,374,570
	ACCUMULATED DEPRECIATION/AMORT									
38	Intangible	na	na	na	na	3,744	4,369	17,667	20,242	23,450
39	Production	na	na	na	na	286,300	300,170	314,599	325,531	334,622
40	Transmission	na	na	na	na	111,144	116,316	122,308	123,869	126,839
41	Distribution	na	na	na	na	209,101	221,408	236,201	252,722	268,267
42	General	na	na	na	na	56,694	61,871	58,357	65,720	70,794
43	Total Accumulated Depreciation	526,307	557,426	585,821	629,399	666,983	704,134	749,132	788,084	823,972
44	NET PLANT	1,009,868	1,064,749	1,150,959	1,220,889	1,288,304	1,339,779	1,416,364	1,472,270	1,550,598
45	DEFERRED TAXES	(139,033)	(147,502)	(163,716)	(184,825)	(201,163)	(208,209)	(221,354)	(257,766)	(300,583)
46	Net Plant After Deferred Income Taxes	870,835	917,247	987,243	1,036,064	1,087,141	1,131,570	1,195,010	1,214,504	1,250,015
47	DEFERRED DEBITS AND CREDITS	21,020	19,593	17,776	17,776	18,845	16,438	14,761	10,846	791,656
48	WORKING CAPITAL	0	0	0	18,188	31,877	10,967	16,281	47,807	56,566
49	TOTAL RATE BASE	\$891,855	\$936,840	\$1,005,019	\$1,072,028	\$1,137,863	\$1,158,975	\$1,226,052	\$1,273,157	\$1,314,785
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$783,452

Note: The Deferred Debits and Credits Category has been restated in prior years to reflect consistency with the current reporting format.

ELECTRIC COST AND REVENUE TREND CALCULATIONS 2007-2015

AVISTA UTILITIES WASHINGTON ELECTRIC RESULTS

(000'S OF DOLLARS)

Electric Data for Escalators

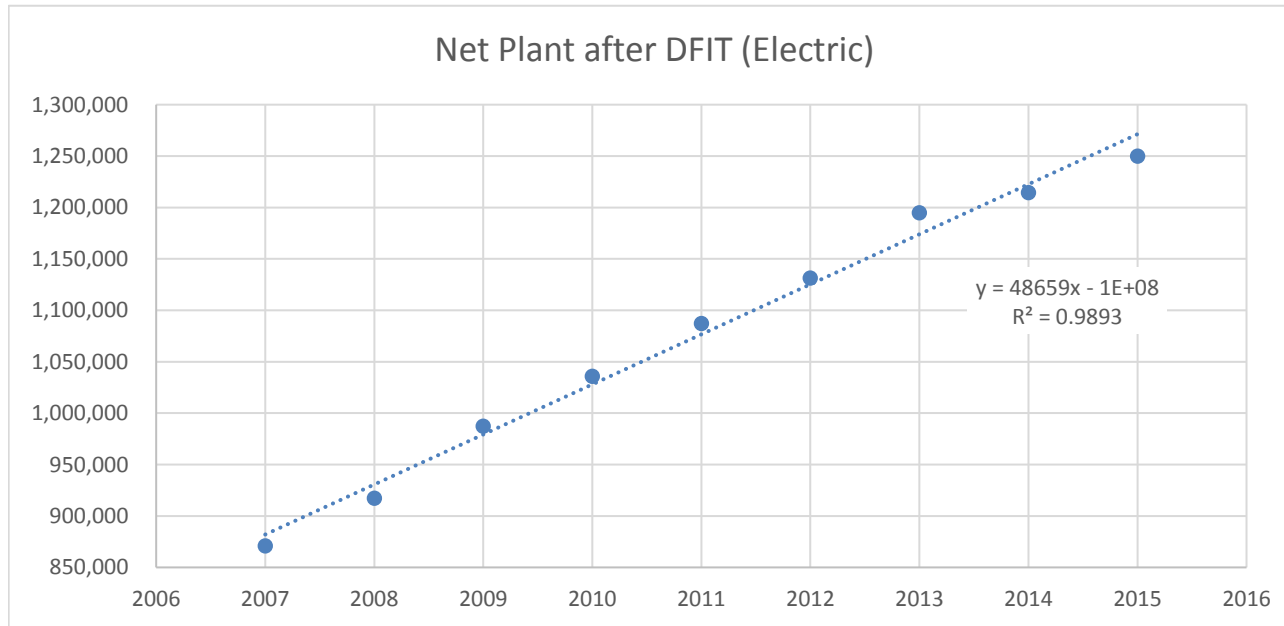
Line No.			2007	2008	2009	2010	2011	2012	2013	2014	9.2015
Exclude Power Supply and Adder Schedule Expenses (DSM Tariff Rider and Residential Exchange Credit) from O&M											
1	Production/Transmission	CBR Ln 7	102,890	117,123	87,599	147,107	145,634	131,795	143,904	120,307	128,239
2	Purchased Power	CBR Ln 8	65,640	72,508	100,437	142,197	91,142	101,283	109,034	116,643	96,496
3	Distribution	CBR Ln 13	14,563	17,329	17,267	18,354	19,081	21,152	20,878	21,299	22,960
4	Customer Accounting	CBR Ln 17	7,514	7,919	9,646	9,261	10,275	10,336	11,334	11,166	11,631
5	Customer Service and Information	CBR Ln 18	7,472	12,847	19,736	20,832	21,292	18,487	1,516	1,383	1,519
6	Sales	CBR Ln 19	682	571	660	176	4	5	5	0	0
7	Administrative and General	CBR Ln 20	35,844	35,982	38,461	44,662	44,779	49,333	43,310	46,210	49,261
8	Total Operating & Maintenance Expenses		234,605	264,279	273,806	382,589	332,207	332,391	329,981	317,008	310,106
9	Deduct Power Supply Expenses		(135,719)	(152,984)	(146,538)	(249,369)	(188,583)	(180,834)	(201,471)	(186,117)	(177,522)
10	Deduct DSM Tariff Rider Expenses		(6,711)	(12,172)	(19,005)	(19,612)	(20,235)	(17,018)	0	0	0
11	Deduct Res X Credit Expenses		37	24	27	41	31	55	0	0	0
12	Adjusted Operating Expenses		92,212	99,146	108,289	113,650	123,419	134,594	128,510	130,891	132,584
			3.81%	7.52%	9.22%	4.95%	8.60%	9.06%	-4.52%	1.85%	1.29%
Depreciation/Amortization											
13	Production/Transmission	CBR Ln 9	24,877	23,076	23,969	25,008	25,158	25,680	23,284	23,715	24,379
14	Distribution	CBR Ln 14	11,333	15,611	16,809	17,985	19,240	20,749	22,303	23,794	24,945
15	Administrative and General	CBR Ln 21	6,739	7,187	7,688	9,277	10,906	12,517	14,721	16,947	20,268
16	Total Depreciation/Amortization		42,949	45,874	48,466	52,270	55,304	58,946	60,308	64,456	69,592
			2.72%	6.81%	5.65%	7.85%	5.80%	6.59%	2.31%	6.88%	7.97%
Exclude Adder Schedule amortizations (Residential Exchange Credit) from Regulatory Amortizations											
17	Regulatory Amortizations	CBR Ln 10	(3,082)	(1,076)	(1,703)	(2,879)	403	(7,744)	8,629	8,101	6,584
18	Deduct Res X Credit amortization		5,582	3,576	4,005	6,244	4,610	8,327	0	0	0
19	Adjusted Regulatory Amortizations		2,500	2,500	2,302	3,365	5,013	583	8,629	8,101	6,584
Exclude Adder Schedule excise taxes (DSM Tariff Rider and Residential Exchange Credit) from Taxes Other Than Income Tax											
20	Production/Transmission	CBR Ln 11	8,319	8,146	9,014	9,955	10,846	11,456	12,913	12,828	13,712
21	Distribution	CBR Ln 15	16,156	17,416	18,207	19,990	22,393	22,595	23,288	25,575	27,516
22	Administrative and General	CBR Ln 22	(9)	(3)	(3)	2	0	(4)	0	0	0
23	Total Taxes Other Than Income Tax		24,466	25,559	27,218	29,947	33,239	34,047	36,201	38,403	41,228
24	Deduct DSM Tariff Rider Excise Tax		(269)	(488)	(762)	(787)	(812)	(683)	0	0	0
25	Deduct Res X Credit Excise Tax		225	144	162	252	186	336	0	0	0
26	Adjusted Taxes Other Than Income Tax		24,422	25,215	26,617	29,412	32,614	33,701	36,201	38,403	41,228
			-3.93%	3.25%	5.56%	10.50%	10.88%	3.33%	7.42%	6.08%	7.36%
27	Net Plant After Deferred Income Tax	CBR Ln 46	870,835	917,247	987,243	1,036,064	1,087,141	1,131,570	1,195,010	1,214,504	1,250,015
			1.77%	5.33%	7.63%	4.95%	4.93%	4.09%	5.61%	1.63%	2.92%
28	Total Rate Base	CBR Ln 49	891,855	936,840	1,005,019	1,072,028	1,137,863	1,158,975	1,226,052	1,273,157	1,314,785
			1.98%	5.04%	7.28%	6.67%	6.14%	1.86%	5.79%	3.84%	3.27%
Exclude Power Supply and Transmission Wheeling from Other Operating Revenue											
29	Other Operating Revenue	CBR Ln 5	10,170	10,927	9,395	11,786	13,666	13,089	13,408	17,163	12,625
30	Deduct Decoupling Deferred Revenue and Provision for Rate Refund										1,882
31	Deduct Power Supply Other Revenue		(221)	(1,839)	(448)	(640)	(1,752)	(1,489)	(282)	(3,062)	(270)
32	Deduct Transmission Other Revenue		(6,876)	(6,213)	(6,133)	(8,333)	(9,102)	(8,285)	(9,662)	(10,622)	(11,046)
33	Adjusted Other Revenue		3,073	2,875	2,814	2,813	2,812	3,315	3,464	3,479	3,191
			3.96%	-6.44%	-2.13%	-0.02%	-0.03%	17.86%	4.50%	0.42%	-8.28%

Avista Proposed Based on Commission Order No. 05 Docket, No. UE-150204

	2007	2008	2009	2010	2011	2012	2013	2014	9.2015 2015
Net Plant after DFIT	870,835	917,247	987,243	1,036,064	1,087,141	1,131,570	1,195,010	1,214,504	1,250,015

Per CBR

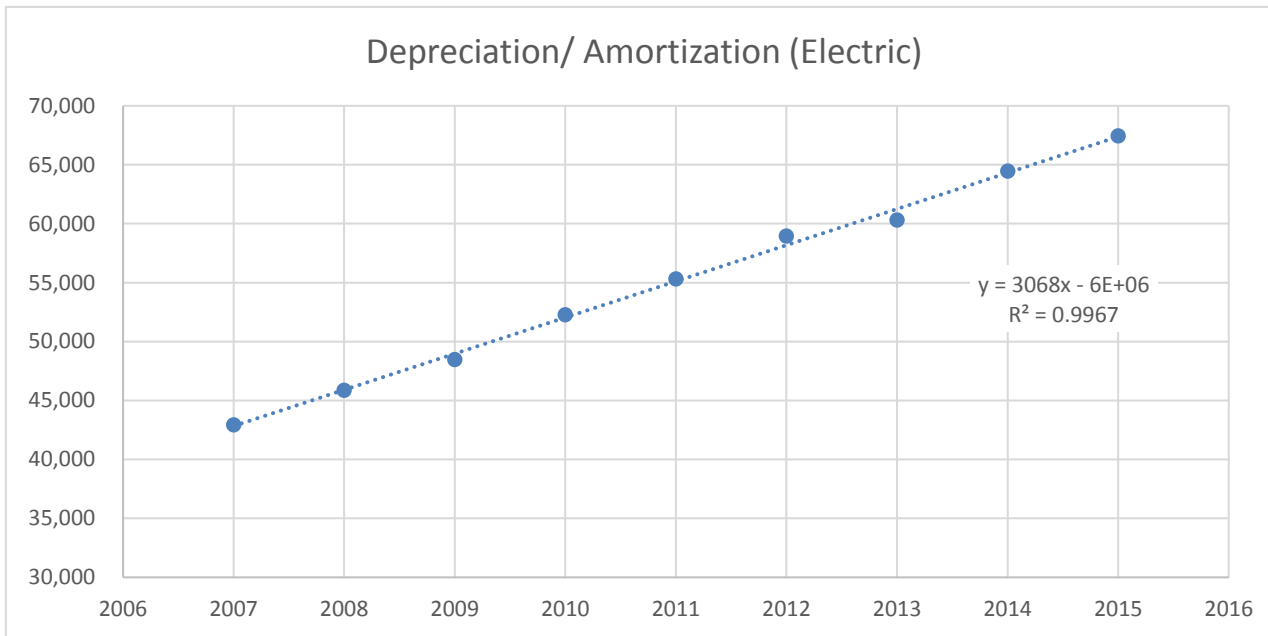
Annual Increase (slope below) 48,659
 Rate (Annual) 3.89%
 Rate (2-year, to 2017) **7.79%** (Escalation Factor)



Avista Proposed Based on Commission Order No. 05 Docket, No. UE-150204

	2007	2008	2009	2010	2011	2012	2013	2014	9.2015 2015
Depreciation/ Amortization	42,949	45,874	48,466	52,270	55,304	58,946	60,308	64,456	67,443

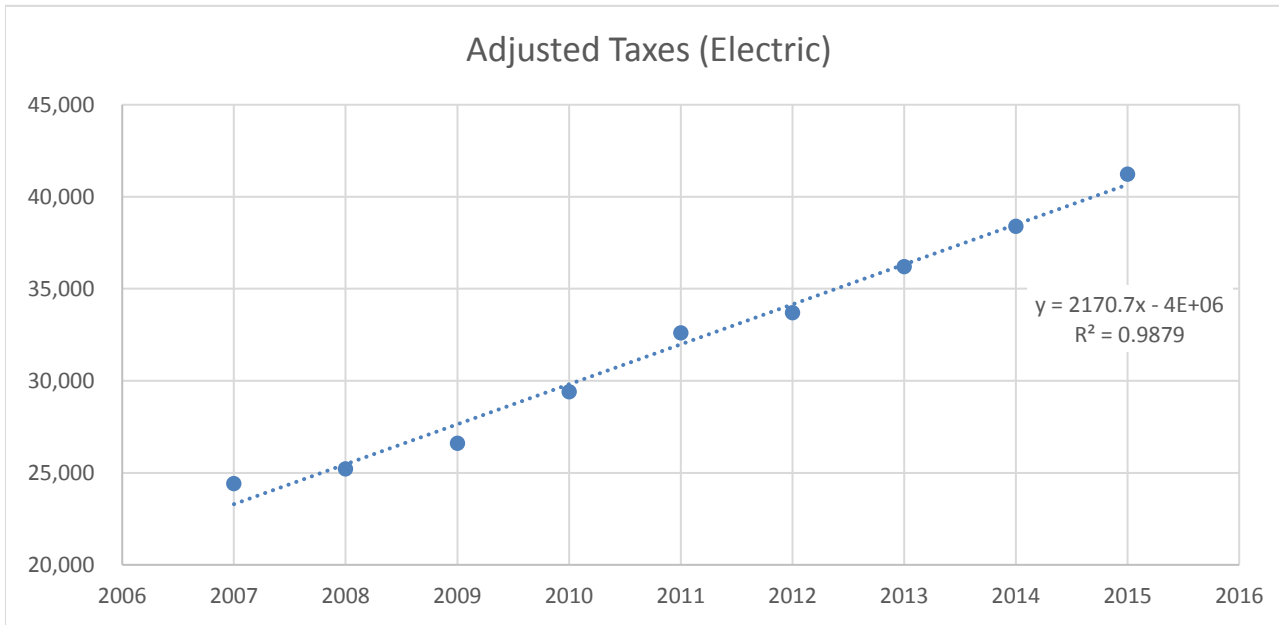
Annual Increase (slope below) 3,068
 Rate (Annual) 4.55%
 Rate (2-year, to 2017) **9.10%** (Escalation Factor)



Avista Proposed Based on Commission Order No. 05 Docket, No. UE-150204

	2007	2008	2009	2010	2011	2012	2013	2014	9.2015
Adjusted Taxes	24,422	25,215	26,617	29,412	32,614	33,701	36,201	38,403	41,228

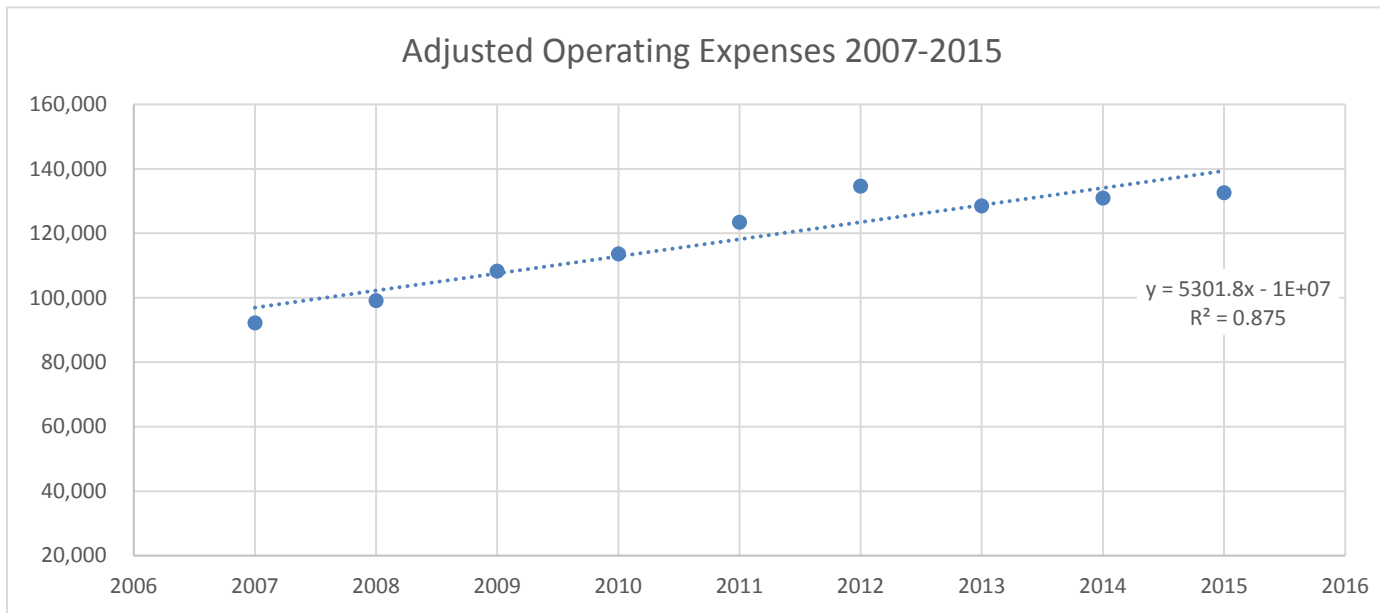
Annual Increase (slope below) 2,171
 Rate (Annual) 5.27%
 Rate (2-year, to 2017) **10.53%** (Escalation Factor)



Avista Proposed O&M Expense Growth Trend

	2007	2008	2009	2010	2011	2012	2013	2014	9.2015 2015
Adjusted Operating Expenses	92,212	99,146	108,289	113,650	123,419	134,594	128,510	130,891	132,584

Annual Increase (slope below) 5,302
 Rate (Annual) 4.00%
 Rate (2-year, to 2017) **8.00%** (Escalation Factor)



ELECTRIC BILLING DETERMINANT INDEX 09.2015 TO 2017 WEIGHTED REVENUE GROWTH

Line Ended De Rate	Schedule	Revenue Model	Forecast	Billing Determinant	Revenue	Weight	Weight x Growth	
			12 ME 09.2015	2017	Growth	12 ME 09.2015	[E] = [D] / SUM([D])	
			[A]	[B]	[C] = ([B] - [A])/[A]	[D]	[F] = [C] x [E]	
1	RESIDENTIAL	Basic Charge	2,481,909	2,528,810	1.89%	21,096,227	4.26%	0.08%
2	GENERAL SVC.	Basic Charge	369,248	377,749	2.30%	6,646,464	1.34%	0.03%
3	LG. GEN. SVC.	Fixed Demand/Cust	24,164	24,310	0.61%	12,082,000	2.44%	0.01%
4	EX LG GEN SVC	Fixed Demand/Cust	252	254	0.67%	5,292,000	1.07%	0.01%
5	PUMPING	Basic Charge	29,170	29,595	1.46%	525,060	0.11%	0.00%
6	ST & AREA LTG	Basic Charge						
7	RESIDENTIAL	Volumes	2,375,997,614	2,465,339,689	3.76%	189,973,890	38.37%	1.44%
8	GENERAL SVC.	Volumes	596,483,095	594,879,353	-0.27%	61,874,875	12.50%	-0.03%
9	LG. GEN. SVC.	Volumes	1,425,928,125	1,434,040,121	0.57%	99,936,477	20.19%	0.11%
10	EX LG GEN SVC	Volumes	1,108,671,541	1,145,620,988	3.33%	52,632,200	10.63%	0.35%
11	PUMPING	Volumes	154,884,909	133,667,852	-13.70%	11,985,355	2.42%	-0.33%
12	ST & AREA LTG	Volumes	25,597,340	24,453,677	0.00%	6,952,992	1.40%	0.00%
13	RESIDENTIAL	Demand				-		
14	GENERAL SVC.	Demand	407,826	402,284	-1.36%	2,453,871	0.50%	-0.01%
15	LG. GEN. SVC.	Demand	2,838,030	2,748,136	-3.17%	17,086,327	3.45%	-0.11%
16	EX LG GEN SVC	Demand	1,293,261	1,290,752	-0.19%	6,526,238	1.32%	0.00%
17	PUMPING	Demand						
18	ST & AREA LTG	Demand						
19	Total					495,063,975	100.00%	1.56%

Total Customers	2,904,743	2,960,718	1.93%
Total Volumes	5,687,562,625	5,798,001,681	1.94%
Total Demand	4,539,117	4,441,172	-2.16%