

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-16 _____

EXHIBIT NO. ____ (EMA-4)

ELIZABETH M. ANDREWS

REPRESENTING AVISTA CORPORATION

AVISTA
2018 WASHINGTON ELECTRIC ATTRITION STUDY
Calculation of General Revenue Requirement
Twelve Months Ended September 30, 2015
(000's of Dollars)

Line No.	Description	(a)	(b)	(c)	(d)	(e)
		Attrition Balances	Revenue Growth Factor	Attrition Study Results	2017 Attrition Results	6 Months - 06.2018 Revenue Requirement
1	2018 Rate Base	\$1,522,966	1.018986	\$1,494,590		
2	Rate of Return			7.64%		
3	Net Operating Income Requirement			\$114,187		
4	2018 Net Operating Income (at 2016 rates)	<u>\$85,487</u>	1.018986	<u>\$83,894</u>		
5	2018 Rate of Return (at 2016 rates)			5.61%		
6	2018 Net Operating Income Deficiency (Surplus)			\$30,293		
7	Gross-up Conversion Factor			0.619864		
8	2018 Attrition Revenue Deficiency			\$48,869	\$38,568	\$10,301
9	2018 Total General Business Revenues (at 2016 rates)				\$495,064	\$533,632
10	Attrition-based 2018 revenue requirement					\$543,933
11	Percent Revenue Requirement Change				7.79%	3.90%

(1)

(1) Per Company witness Mr. Ehrbar, rate necessary to recover incremental revenue requirement over 6-month period January - June 2018.

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	0.953637
7	Federal Income Tax @ 35%	<u>0.333773</u>
8	REVENUE CONVERSION FACTOR	<u><u>0.619864</u></u>

2018 ELECTRIC ATTRITION 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 12ME 06.2018 AMA Non-Energy Cost [G]+[I]=[J]	(plus) 12ME 06.2018 Pro-Formed Net Energy Cost	(plus) Revenue Growth	After Attrition Adj. Spokane River Projects (2017)	After Attrition Adj AMI Capital Project (2017)	12ME 06.2018 AMA 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	1.90%		\$ 494,144		\$ 9,382			\$ 503,526
2	Interdepartmental Sales	\$ 920					\$ -	\$ 920	1.90%		\$ 920		\$ 17			\$ 937
3	Sales for Resale	\$ 65,944	\$ (65,944)				\$ -	\$ -				\$ 37,119	\$ (3,056)			\$ 34,063
4	Subtotal: Sales of Electricity	\$ 566,187	\$ (65,944)				\$ (5,179)	\$ 495,064			\$ 495,064	\$ 37,119	\$ 6,343	\$ -		\$ 538,526
5	Other Revenue	\$ 12,625	\$ (11,316)				\$ 1,882	\$ 3,191	0.00%		\$ 3,191	\$ 10,738	\$ -			\$ 13,929
6	Total Electric Revenue	\$ 578,812	\$ (77,260)	\$ -	\$ -	\$ -	\$ (3,297)	\$ 498,255			\$ 498,255	\$ 47,857	\$ 6,343	\$ -		\$ 552,455
EXPENSES																
Production and Transmission																
7	Operating Expenses ²	\$ 128,239	\$ (77,563)	\$ 459			\$ -	\$ 51,135	10.00%	\$ 5,112	\$ 56,247	\$ 82,512	\$ -			\$ 138,759
8	Purchased Power	\$ 96,496	\$ (96,496)				\$ -	\$ -		\$ -	\$ -	\$ 72,117	\$ 990			\$ 73,107
9	Depreciation/Amortization	\$ 24,379				\$ 174	\$ -	\$ 24,553	11.37%	\$ 2,792	\$ 27,345	\$ -	\$ 1,333			\$ 28,678
10	Regulatory Amortization	\$ 6,584		\$ (1,753)			\$ -	\$ 4,831	0.00%	\$ -	\$ 4,831	\$ -				\$ 4,831
11	Taxes	\$ 13,712					\$ -	\$ 13,712	13.16%	\$ 1,805	\$ 15,517					\$ 15,517
12	Subtotal: Production and Transmission	\$ 269,410	\$ (174,059)	\$ (1,294)	\$ -	\$ 174	\$ -	\$ 94,231		\$ 9,709	\$ 103,940	\$ 154,629	\$ 990	\$ 1,333	\$ -	\$ 260,892
Distribution																
13	Operating Expenses ²	\$ 22,960					\$ -	\$ 22,960	10.00%	\$ 2,295	\$ 25,255					\$ 25,255
14	Depreciation/Amortization	\$ 24,945			\$ (84)	\$ 142	\$ -	\$ 25,003	11.37%	\$ 2,843	\$ 27,846			\$ 1,129		\$ 28,975
15	Regulatory Amortizations	\$ -			\$ 1,237			\$ 1,237	0.00%	\$ -	\$ 1,237					\$ 1,237
16	Taxes	\$ 27,516					\$ (199)	\$ 27,317	13.16%	\$ 3,596	\$ 30,913		\$ 361			\$ 31,274
17	Subtotal: Distribution	\$ 75,421	\$ -	\$ -	\$ 1,153	\$ 142	\$ (199)	\$ 76,517		\$ 8,734	\$ 85,251	\$ -	\$ 361	\$ -	\$ 1,129	\$ 86,741
18	Customer Accounting	\$ 11,631					\$ (30)	\$ 11,601	10.00%	\$ 1,160	\$ 12,761		\$ 55			\$ 12,816
19	Customer Service & Information	\$ 1,519					\$ -	\$ 1,519	10.00%	\$ 152	\$ 1,671					\$ 1,671
20	Sales Expenses	\$ -					\$ -	\$ -	10.00%	\$ -	\$ -					\$ -
Administrative & General																
21	Operating Expenses ²	\$ 49,261		\$ (622)			\$ (10)	\$ 48,629	10.00%	\$ 4,861	\$ 53,490		\$ 19			\$ 53,509
22	Depreciation/Amortization	\$ 20,268				\$ 1,598	\$ -	\$ 21,866	11.37%	\$ 2,487	\$ 24,353			\$ 2,151		\$ 26,504
23	Taxes	\$ -					\$ -	\$ -	13.16%	\$ -	\$ -					\$ -
24	Subtotal: A&G	\$ 69,529	\$ -	\$ (622)	\$ -	\$ 1,598	\$ (10)	\$ 70,495		\$ 7,348	\$ 77,843	\$ -	\$ 19	\$ -	\$ 2,151	\$ 80,013
25	Total Electric Expenses	\$ 427,510	\$ (174,059)	\$ (1,916)	\$ 1,153	\$ 1,914	\$ (239)	\$ 254,363		\$ 27,103	\$ 281,466	\$ 154,629	\$ 1,425	\$ 1,333	\$ 3,280	\$ 442,133
26	OPERATING INCOME BEFORE FIT	\$ 151,302	\$ 96,799	\$ 1,916	\$ (1,153)	\$ (1,914)	\$ (3,058)	\$ 243,892		\$ (27,103)	\$ 216,789	\$ (106,772)	\$ 4,918	\$ (1,333)	\$ (3,280)	\$ 110,322

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.

2018 ELECTRIC ATTRITION REVENUE REQUIREMENT

CBR Line Number	2018 ELECTRIC ATTRITION REVENUE REQUIREMENT															
	Determine Base Cost and Revenue to Escalate	Escalate Non-Energy Cost					Other Cost & Revenue A									
	12.2014 Commission Basis Report Restated Totals ¹	(less) 09.2015 Normalized Net Power Supply Cost	Deferred Dr/Cr; Reg. Amorts & Misc Adj	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 12ME 06.2018 AMA Non-Energy Cost [G]+[I]=[J]	(plus) 12ME 06.2018 Pro- Formed Net Energy Cost	(plus) Revenue Growth	After Attrition Adj AMI Capital Project (2017)	12ME 06.2018 AMA 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	\$ (9,486)	\$ 19,947	\$ (37,370)	\$ 1,721	\$ (467)	\$ (1,148)	\$ (17,317)	
27	Debt Interest	\$ 6	\$ -	\$ 140	\$ -	\$ (228)	\$ -	\$ (82)	\$ (1,645)	\$ (1,727)			\$ (554)	\$ (206)	\$ (2,487)	
28	Deferred Income Taxes	\$ 44,788		\$ -	\$ -	\$ -	\$ -	\$ 44,788	\$ -	\$ 44,788					\$ 44,788	
29	Amortized ITC - Noxon	\$ (128)		\$ -	\$ -	\$ -	\$ -	\$ (128)	\$ -	\$ (128)			\$ (22)	\$ -	\$ (150)	
30																
31	NET OPERATING INCOME	\$ 109,611	\$ 62,919	\$ 1,105	\$ (750)	\$ (1,016)	\$ (1,988)	\$ 169,881	\$ (15,972)	\$ 153,909	\$ (69,402)	\$ 3,197	\$ (291)	\$ (1,926)	\$ 85,487	
	RATE BASE															
	Plant in Service															
32	Intangible	\$ 132,877		\$ -	\$ -	\$ 17,298	\$ -	\$ 150,175	9.73%	\$ 14,615	\$ 164,790			\$ 4,613	\$ 169,403	
33	Production	\$ 762,834		\$ -	\$ -	\$ 6,305	\$ -	\$ 769,139	9.73%	\$ 74,850	\$ 843,989	\$ 71,295			\$ 915,284	
34	Transmission	\$ 390,240		\$ -	\$ -	\$ 5,019	\$ -	\$ 395,259	9.73%	\$ 38,465	\$ 433,724				\$ 433,724	
35	Distribution	\$ 880,960		\$ -	\$ (18,551)	\$ 16,587	\$ -	\$ 878,996	9.73%	\$ 85,541	\$ 964,537			\$ 16,949	\$ 981,486	
36	General	\$ 207,659		\$ -	\$ -	\$ (2,945)	\$ -	\$ 204,714	9.73%	\$ 19,922	\$ 224,636			\$ 4,742	\$ 229,378	
37	Subtotal: Plant in Service	\$ 2,374,570	\$ -	\$ -	\$ (18,551)	\$ 42,264	\$ -	\$ 2,398,283		\$ 233,393	\$ 2,631,676	\$ 71,295	\$ 26,304	\$ 2,729,275		
	Accumulated Depreciation and Amortization															
38	Intangible	\$ (23,450)		\$ -	\$ -	\$ (1,396)	\$ -	\$ (24,846)	9.73%	\$ (2,418)	\$ (27,264)			\$ (513)	\$ (27,777)	
39	Production	\$ (334,622)		\$ -	\$ -	\$ (2,322)	\$ -	\$ (336,944)	9.73%	\$ (32,790)	\$ (369,734)	\$ (1,432)			\$ (371,166)	
40	Transmission	\$ (126,839)		\$ -	\$ -	\$ (584)	\$ -	\$ (127,423)	9.73%	\$ (12,400)	\$ (139,823)				\$ (139,823)	
41	Distribution	\$ (268,267)		\$ -	\$ -	\$ (5,477)	\$ -	\$ (273,744)	9.73%	\$ (26,640)	\$ (300,384)			\$ (564)	\$ (300,948)	
42	General	\$ (70,794)		\$ -	\$ -	\$ 2,234	\$ -	\$ (68,560)	9.73%	\$ (6,672)	\$ (75,232)			\$ (562)	\$ (75,794)	
43	Subtotal: Accumulated Depreciation and Amortization	\$ (823,972)	\$ -	\$ -	\$ -	\$ (7,545)	\$ -	\$ (831,517)		\$ (80,921)	\$ (912,438)	\$ (1,432)	\$ (1,639)	\$ (915,509)		
44	Net Plant	\$ 1,550,598	\$ -	\$ -	\$ (18,551)	\$ 34,719	\$ -	\$ 1,566,766		\$ 152,473	\$ 1,719,239	\$ 69,863	\$ 24,665	\$ 1,813,767		
45	Deferred Taxes	(300,583)		\$ -	\$ -	\$ (10,981)	\$ -	\$ (311,564)	9.73%	\$ (30,320)	\$ (341,884)	\$ (14,178)	\$ (3,962)	\$ (360,024)		
46	Net Plant After Deferred taxes	\$ 1,250,015	\$ -	\$ -	\$ (18,551)	\$ 23,738	\$ -	\$ 1,255,202	\$ 0	\$ 122,152	\$ 1,377,354			\$ 1,453,742		
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		\$ 122,152	\$ 1,446,578	\$ 55,685	\$ 20,703	\$ 1,522,966		
	¹ Workpapers for 09.2015 Commission Basis Reports provided with Andrews' workpapers.															
	³ Includes Plant Held for Future Use - See Andrews' workpapers															
50	RATE OF RETURN	8.34%											7.333	5.659	5.61%	
	ATTRITION ADJUSTED REVENUE REQUIREMENT															
50	Proposed Rate of Return														7.64%	
51	Return on Plant in Service at Proposed Rate														\$ 116,355	
52	Operating Income Deficiency														\$ 30,867	
53	Revenue Conversion Factor														0.61986	
54	Revenue Requirement														\$ 49,797	
55	Revenue Growth Factor														1.018986	
56	Attrition Adjusted Revenue Requirement														\$ 48,869	

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)	6
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	\$109,952

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		2007	2008	2009	2010	2011	2012	2013	2014	9.2015
	RATE BASE									
	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)

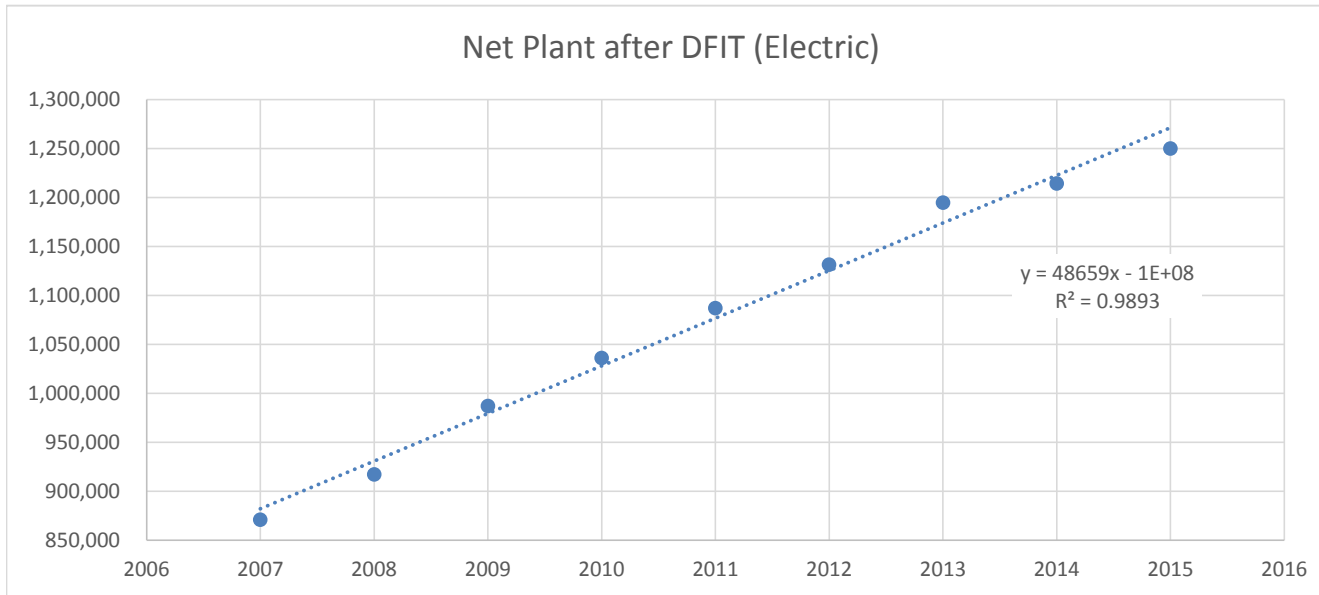
Electric Data for Escalators

		2007	2008	2009	2010	2011	2012	2013	2014	9.2015	
Line											
No. 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	

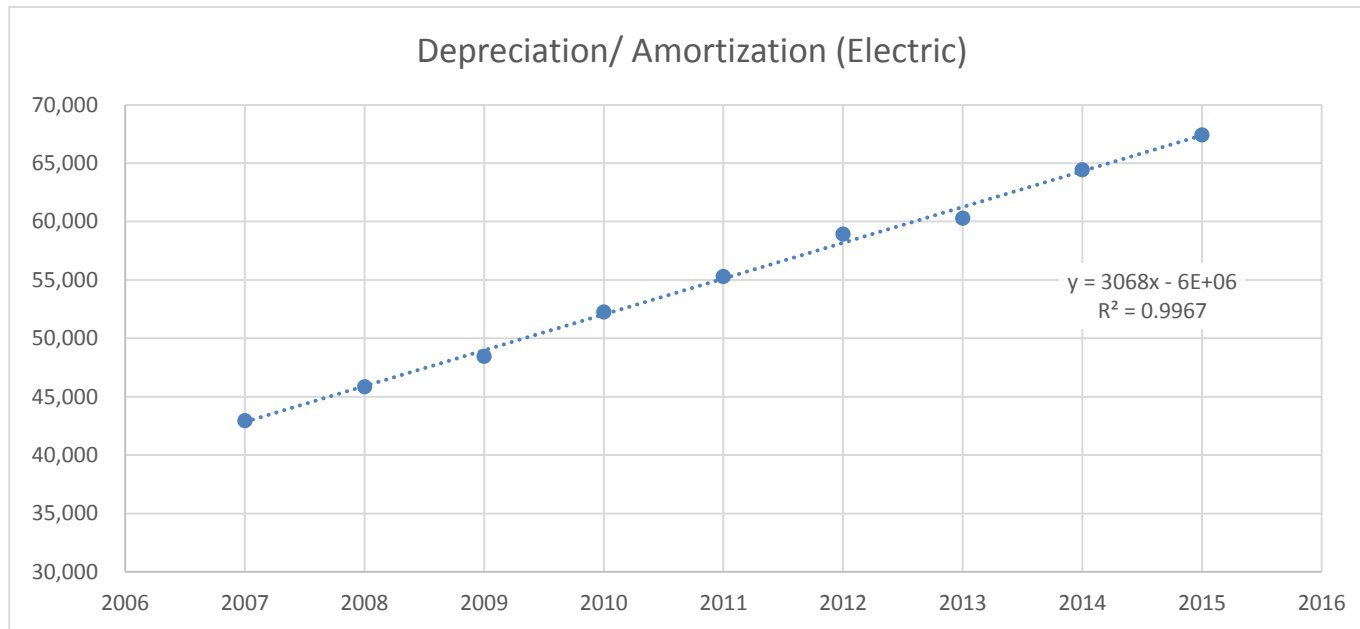
Annual Increase (slope below) 48,659
 Rate (Annual) 3.89%
 Rate (2.5-year, to 2018 6ME 6/2018) **9.73%** (Escalation Factor)



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

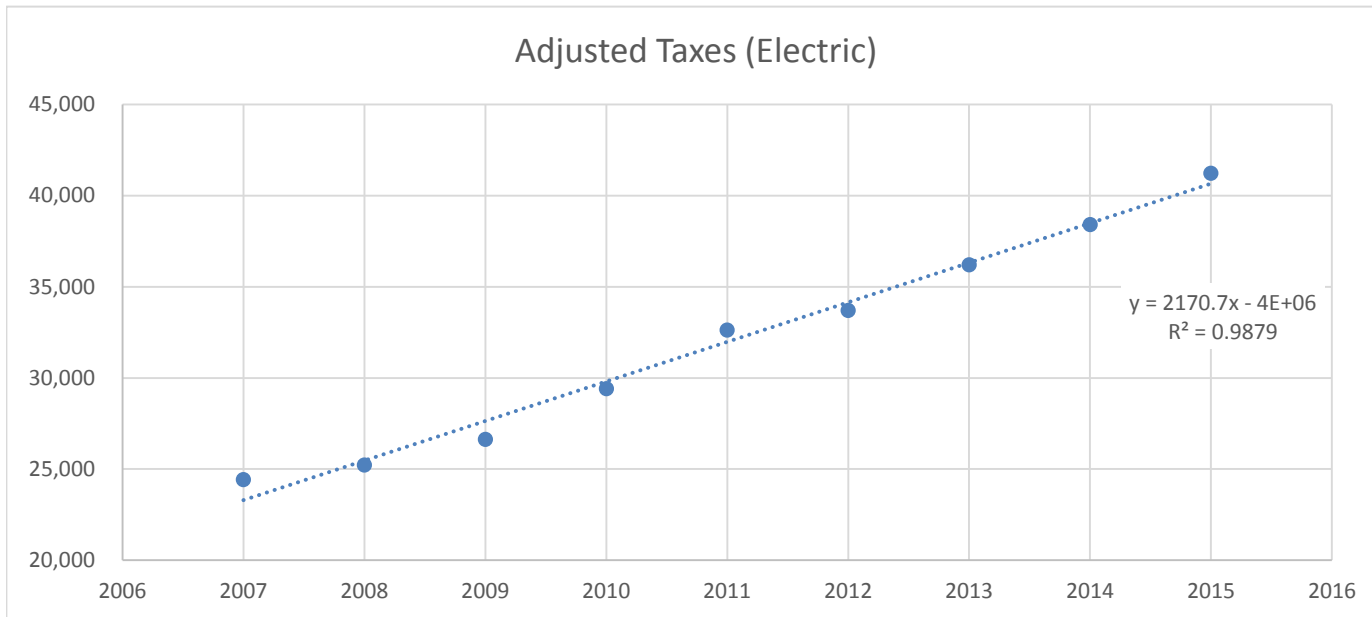
Annual Increase (slope below) 3,068
 Rate (Annual) 4.55%
 Rate (2.5-year, to 2018 6ME 6/2018) **11.37%** (Escalation Factor)



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

	2007	2008	2009	2010	2011	2012	2013	2014	9.2015 2015
Adjusted Taxes	24,422	25,215	26,617	29,412	32,614	33,701	36,201	38,403	41,228

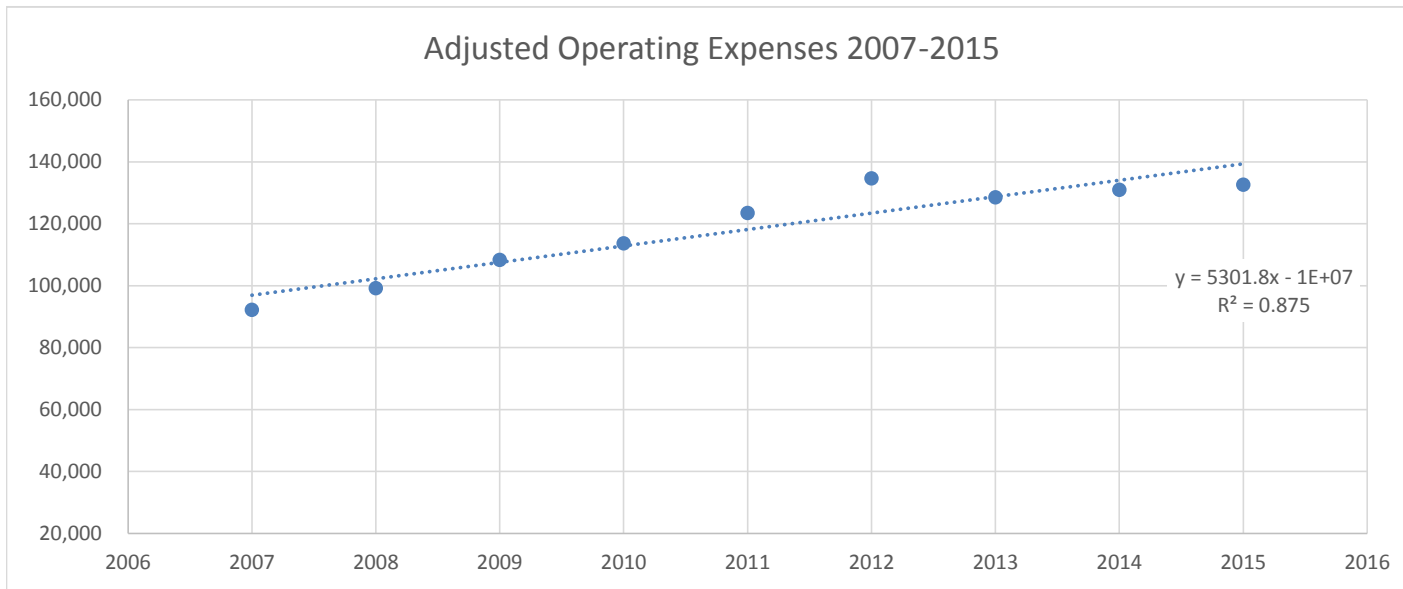
Annual Increase (slope below) 2,171
 Rate (Annual) 5.27%
 Rate (2.5-year, to 2018 6ME 6/2018) **13.16%** (Escalation Factor)



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 (2.5-year, to 2018 6ME 6/2018) **10.00%** (Escalation Factor)



ELECTRIC BILLING DETERMINANT INDEX 09.2015 TO 2018 WEIGHTED REVENUE GROWTH

Line	Revenue Model	Forecast	Billing Determinant	Revenue	Weight	Weight x Growth		
Ended De Rate	Schedule	12 ME 09.2015	12ME 2018	12 ME 09.2015	Weight	Weight x Growth		
		[A]	[B]	[C] = ([B] - [A])/[A]	[D]	[E] = [D] / SUM([D])		
						[F] = [C] x [E]		
1	RESIDENTIAL Basic Charge	SCHEDULE 1	2,481,909	2,541,558	2.40%	21,096,227	4.26%	0.10%
2	GENERAL SVC. Basic Charge	SCH. 11,12	369,248	380,482	3.04%	6,646,464	1.34%	0.04%
3	LG. GEN. SVC. Fixed Demand/Cust	SCH. 21,22	24,164	24,311	0.61%	12,082,000	2.44%	0.01%
4	EX LG GEN SVC Fixed Demand/Cust	SCHEDULE 25	252	254	0.67%	5,292,000	1.07%	0.01%
5	PUMPING Basic Charge	SCH. 30, 31, 32	29,170	29,691	1.79%	525,060	0.11%	0.00%
6	ST & AREA LTG Basic Charge	SCH. 41-48						
7	RESIDENTIAL Volumes	SCHEDULE 1	2,375,997,614	2,475,322,185	4.18%	189,973,890	38.37%	1.60%
8	GENERAL SVC. Volumes	SCH. 11,12	596,483,095	597,923,947	0.24%	61,874,875	12.50%	0.03%
9	LG. GEN. SVC. Volumes	SCH. 21,22	1,425,928,125	1,432,860,629	0.49%	99,936,477	20.19%	0.10%
10	EX LG GEN SVC Volumes	SCHEDULE 25	1,108,671,541	1,156,202,202	4.29%	52,632,200	10.63%	0.46%
11	PUMPING Volumes	SCH. 30, 31, 32	154,884,909	133,241,503	-13.97%	11,985,355	2.42%	-0.34%
12	ST & AREA LTG Volumes	SCH. 41-48	25,597,340	24,397,324	0.00%	6,952,992	1.40%	0.00%
13	RESIDENTIAL Demand	SCHEDULE 1				-		
14	GENERAL SVC. Demand	SCH. 11,12	407,826	402,284	-1.36%	2,453,871	0.50%	-0.01%
15	LG. GEN. SVC. Demand	SCH. 21,22	2,838,030	2,748,136	-3.17%	17,086,327	3.45%	-0.11%
16	EX LG GEN SVC Demand	SCHEDULE 25	1,293,261	1,290,752	-0.19%	6,526,238	1.32%	0.00%
17	PUMPING Demand	SCH. 30, 31, 32						
18	ST & AREA LTG Demand	SCH. 41-48						
19	Total					495,063,975	100.00%	1.90%
Total Customers			2,904,743	2,976,296	2.46%			
Total Volumes			5,687,562,625	5,819,947,790	2.33%			
Total Demand			4,539,117	4,441,172	-2.16%			