

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-14 _____

DOCKET NO. UG-14 _____

EXHIBIT NO. ____ (EMA-6)

ELIZABETH M. ANDREWS

REPRESENTING AVISTA CORPORATION

AVISTA UTILITIES
2016 ELECTRIC ATTRITION STUDY
Calculation of General Revenue Requirement
Washington - Electric System
Twelve Months Ended June 30, 2013
(000's of Dollars)

Line No.	Description	(a) Attrition Balances	(b) Revenue Growth Factor	(c) Attrition Adjusted Balances	(d) After Attrition Adjustments (i)	(e) Final Balances	(f) 2014 Temporary Rate Increase (ii)	(g) 2015 Revenue Requirement	(h) 2016 Revenue Requirement
1	Attrition Rate Base	1,481,008	1.030689	\$1,436,910	\$472	\$1,437,382			
2	Proposed Rate of Return			7.71%	7.71%	7.71%			
3	Net Operating Income Requirement			\$110,786	\$36	\$110,822			
4	Attrition Net Operating Income	\$80,470	1.030689	\$78,074	\$214	\$78,288			
5	Net Operating Income Deficiency			\$32,712	(\$178)	\$32,534			
6	Conversion Factor			0.62074	0.62074	0.62074			
7	Attrition Revenue Requirement			\$52,698	(\$287)	\$52,412	\$14,054	\$18,201	\$20,158
8	Total General Business Revenues					\$466,872		\$480,926	\$499,127
9	Percentage Revenue Increase					11.23%		3.78%	4.04%

Notes: (i) Adjustments included after the attrition calculated revenue requirement of \$52.698 million shown above were deemed necessary in order to account for the Lake Spokane Deferral Amortization and Operation & Maintenance (O&M) Offset adjustments, which will occur starting in the 2015 rate period. Both of these adjustments represent activity which were not included in the 6/30/2013 normalized commission basis results used as the starting point of the Company's attrition analysis. See Exhibit ____ (EMA-1T) Electric Pro Forma adjustments for detailed description of these adjustments. However, after completing our review of this case the Company realized that the O&M Offset adjustment should have been included as a Pro Forma Cross Check Study adjustment only, and not included as an offset to the Attrition adjusted total.

(ii) Order No. 09, Docket Nos. UE-120436 and UG-120436, *Consolidated*, authorized the 2014 rate increase effective January 1, 2014 to December 31, 2014 on a temporary basis, with rates reverting back to 2013 levels absent any intervening Commission action. While the Commission found the 2014 rate increases to be fair, just, reasonable and sufficient on a temporary basis, the Commission stated "justification for our temporary approval lies primarily in Avista's representations that the Company will continue its multi-year capital expenditure program for 2014." The Company has provided its capital spend for 2014 and 2015 of \$331 million and \$355 million, respectively, on a system basis, and detail descriptions of all transfers to plant and service for 2014 and 2015 is included in the Company's filing for consideration of its revenue requirement need. Please See Company witness Mr. DeFelice Exhibit No. ____ (DBD-2).

AVISTA'S 2016 ELECTRIC ATTRITION REVENUE REQUIREMENT

CBR Line Number	DESCRIPTION	Determine Base Cost and Revenue to Escalate										Escalate Non-Energy Cost			Other Cost & Revenue Adjustments		
		06.2013 Commission Basis Report Restated Totals [A]	(less) 06.2013 Normalized Net Power Supply [B]	06.2013 Ending Balance Plant Adjustment [C]	Incremental Revenue Normalization Adjustment [D]	June 2013 Escalation Base [E]	Escalation Factor [F]	Non-Energy Cost Escalation Amount [G]	Trended 2016 Non-Energy Cost [H]	(plus) 06.2013 Pro-Formed Net Energy Cost [I]	(plus) Revenue Growth [J]	2016 Revenue Cost [K]					
REVENUES																	
1	Total General Business	\$ 463,169	\$ -	\$ -	\$ 2,854	\$ 466,023	3.07%	\$ 466,023	\$ 466,023	\$ -	\$ 14,302	\$ 480,325					
2	Interdepartmental Sales	\$ 849	\$ -	\$ -	\$ -	\$ 849	3.07%	\$ 849	\$ -	\$ 26	\$ 875						
3	Sales for Resale	\$ 77,802	\$ (77,802)	\$ -	\$ -	\$ -		\$ -	\$ 44,928	\$ 44,928	\$ 44,928						
4	Subtotal: Sales of Electricity	\$ 541,820	\$ (77,802)	\$ -	\$ 2,854	\$ 466,872		\$ 466,872	\$ 44,928	\$ 14,328	\$ 526,128						
5	Other Revenue	\$ 14,040	\$ (11,042)	\$ -	\$ -	\$ 2,998	5.44%	\$ 2,998	\$ 10,696	\$ 163	\$ 13,857						
6	Total Electric Revenue	\$ 555,860	\$ (88,844)	\$ -	\$ 2,854	\$ 469,870		\$ 469,870	\$ 55,624	\$ 14,491	\$ 539,985						
EXPENSES																	
Production and Transmission																	
7	Operating Expenses	\$ 131,270	\$ (82,768)	\$ -	\$ 217	\$ 48,719	14.71%	\$ 7,169	\$ 55,888	\$ 87,123	\$ 143,011						
8	Purchased Power	\$ 120,164	\$ (120,164)	\$ -	\$ -	\$ -		\$ -	\$ -	\$ 75,042	\$ 80,722						
9	Depreciation/Amortization	\$ 24,438	\$ -	\$ (1,214)	\$ -	\$ 23,224	20.92%	\$ 4,859	\$ 28,083	\$ -	\$ 28,083						
10	Regulatory Amortization	\$ (2,014)	\$ -	\$ -	\$ 8,370	\$ 6,356	0.00%	\$ -	\$ 6,356	\$ -	\$ 6,356						
11	Taxes	\$ 12,878	\$ -	\$ -	\$ -	\$ 12,878	21.35%	\$ 2,749	\$ 15,627	\$ -	\$ 15,627						
12	Subtotal: Production and Transmission	\$ 286,736	\$ (202,932)	\$ (1,214)	\$ 8,587	\$ 91,177		\$ 14,776	\$ 105,953	\$ 162,165	\$ 273,799						
Distribution																	
13	Operating Expenses	\$ 21,042	\$ -	\$ -	\$ -	\$ 21,042	14.71%	\$ 3,096	\$ 24,138	\$ -	\$ 24,138						
14	Depreciation/Amortization	\$ 21,488	\$ 868	\$ -	\$ -	\$ 22,356	20.92%	\$ 4,677	\$ 27,033	\$ -	\$ 27,033						
15	Taxes	\$ 23,032	\$ -	\$ 110	\$ -	\$ 23,142	21.35%	\$ 4,940	\$ 28,082	\$ -	\$ 28,082						
16	Subtotal: Distribution	\$ 65,562	\$ 868	\$ 110	\$ -	\$ 66,540		\$ 12,713	\$ 79,253	\$ -	\$ 79,253						
Customer Accounting																	
17	Customer Accounting	\$ 10,453	\$ -	\$ -	\$ 13	\$ 10,466	14.71%	\$ 1,540	\$ 12,006	\$ -	\$ 12,006						
18	Customer Service & Information	\$ 14,792	\$ -	\$ -	\$ (13,217)	\$ 1,575	14.71%	\$ 232	\$ 1,807	\$ 64	\$ 1,807						
19	Sales Expenses	\$ 8	\$ -	\$ -	\$ -	\$ 8	14.71%	\$ 1	\$ 9	\$ -	\$ 9						
Administrative & General																	
20	Operating Expenses	\$ 45,924	\$ 476	\$ 5	\$ 5	\$ 46,405	14.71%	\$ 6,828	\$ 53,233	\$ 29	\$ 53,262						
21	Depreciation/Amortization	\$ 13,535	\$ 1,032	\$ -	\$ -	\$ 14,567	20.92%	\$ 3,048	\$ 17,615	\$ -	\$ 17,615						
22	Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	21.35%	\$ -	\$ -	\$ -	\$ -						
23	Subtotal: Administrative and General	\$ 59,459	\$ 1,508	\$ 5	\$ 5	\$ 60,972		\$ 9,876	\$ 70,848	\$ 29	\$ 70,876						
24	Total Electric Expenses	\$ 437,010	\$ (202,932)	\$ 1,162	\$ (4,502)	\$ 230,738		\$ 39,137	\$ 269,875	\$ 162,165	\$ 438,365						
25	OPERATING INCOME BEFORE FIT	\$ 118,850	\$ 114,088	\$ (1,162)	\$ 7,356	\$ 239,132		\$ (39,137)	\$ 199,995	\$ (106,542)	\$ 8,167	\$ 101,620					

AVISTA'S 2016 ELECTRIC ATTRITION REVENUE REQUIREMENT

CBR Line Number	Determine Base Cost and Revenue to Escalate										Escalate Non-Energy Cost		Other Cost & Revenue Adjustments	
	06.2013 Commission Basis Restated Totals [A]	(less) 06.2013 Normalized Net Power Supply [B]	06.2013 Ending Balance Plant Adjustment [C]	Incremental Revenue Normalization Adjustment [D]	June 2013 Escalation Base [E]	Escalation Factor [F]	Non-Energy Escalation Amount [G]	Trended 2016 Non-Energy Cost [H]	(plus) 06.2013 Pro-Formed Net Energy Cost [I]	(plus) Revenue Growth [J]	2016 Revenue and Cost [K]			
26	Federal Income Tax	\$ 17,603	\$ 39,931	\$ (407)	\$ 2,575	\$ 59,702	\$ (13,698)	\$ 46,004	\$ (37,290)	\$ 2,859	\$ 11,573			
27	Current Accrual	16		\$ (373)	\$ (63)	\$ (420)	\$ (1,224)	\$ (1,224)			\$ (1,224)			
28	Debt Interest	10,942				10,942		10,942			10,942			
29	Deferred Income Taxes	(140)				(140)		(140)			(140)			
30	Amortized ITC - Noxon													
31	NET OPERATING INCOME	\$ 90,429	\$ 74,157	\$ (382)	\$ 4,844	\$ 169,048	\$ (24,215)	\$ 144,413	\$ (69,252)	\$ 5,309	\$ 80,470			
RATE BASE														
Plant in Service														
32	Intangible	\$ 87,324		\$ 2,264	\$ -	\$ 89,588	\$ 18,496	\$ 108,084	\$ -		\$ 108,084			
33	Production	725,940		15,392	-	741,332	153,051	894,383	64,687		959,070			
34	Transmission	350,373		7,144	-	357,517	73,811	431,328	25,134		456,462			
35	Distribution	768,726		25,933	6,096	800,755	165,319	966,074	48,979		1,015,053			
36	General	165,337		13,274	-	178,611	36,875	215,486	12,206		227,692			
37	Subtotal: Plant in Service	\$ 2,097,700	\$ -	\$ 64,007	\$ 6,096	\$ 2,167,803	\$ 447,551	\$ 2,615,354	\$ (12,206)		\$ 2,603,148			
Accumulated Depreciation and Amortization														
38	Intangible	\$ (16,103)		\$ (1,848)	\$ -	\$ (17,951)	\$ (3,706)	\$ (21,657)	\$ -		\$ (21,657)			
39	Production	(307,317)		(6,007)	-	(313,324)	(64,687)	(378,011)	(64,687)		(442,701)			
40	Transmission	(119,314)		(2,426)	-	(121,740)	(25,134)	(146,874)	(25,134)		(172,008)			
41	Distribution	(228,494)		(8,638)	(107)	(237,239)	(48,979)	(286,218)	(48,979)		(335,197)			
42	General	(54,355)		(4,767)	-	(59,122)	(12,206)	(71,328)	(12,206)		(83,534)			
43	Subtotal: Accumulated Depreciation and Amortization	\$ (725,583)	\$ -	\$ (23,686)	\$ (107)	\$ (749,376)	\$ (154,712)	\$ (904,088)	\$ (154,712)		\$ (849,376)			
44	Net Plant	\$ 1,372,117	\$ -	\$ 40,321	\$ 5,989	\$ 1,418,427	\$ -	\$ 292,840	\$ 1,711,267		\$ 1,711,267			
45	Deferred Taxes	(214,825)		(5,121)	(53)	(219,999)	(45,420)	(265,419)	(45,420)		(310,839)			
46	Net Plant After Deferred taxes	\$ 1,157,292	\$ -	\$ 35,200	\$ 5,936	\$ 1,198,428	\$ 0	\$ 247,420	\$ 1,445,848		\$ 1,445,848			
47	Deferred Debits and Credits	16,040		-	-	16,040	0.00%	-	0.00%		16,040			
48	Working Capital	19,120		-	-	19,120	0.00%	-	0.00%		19,120			
49	TOTAL RATE BASE	\$ 1,192,452	\$ -	\$ 35,200	\$ 5,936	\$ 1,233,588	\$ 247,420	\$ 1,481,008	\$ 247,420		\$ 1,481,008			
50	RATE OF RETURN	7.58%									5.43%			

ATTRITION ADJUSTED REVENUE REQUIREMENT	
Proposed Rate of Return	7.71%
Return on Plant in Service at Proposed Rate	\$ 91,938
Operating Income Deficiency	\$ 1,509
Revenue Conversion Factor	0.62074
Revenue Requirement	\$ 2,431
Revenue Growth Factor	1.030689
Attrition Adjusted Revenue Requirement	\$ 52,698

Note: (1) Included in Column [D] "Incremental Revenue Normalization Adjustment," are rate base amounts required to add back new revenue plant that was excluded from Column [C] "06-2013 Ending Balance Plant Adjustment." New revenue plant is included here in order to match plant costs with related growth revenue included in the attrition analysis above.

ELECTRIC COST AND REVENUE TREND CALCULATIONS 2000-2012

Commission Basis Results of Operations

**AVISTA UTILITIES
WASHINGTON ELECTRIC RESULTS**

(000'S OF DOLLARS)

Line No.	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES													
1	\$242,529	\$258,201	\$273,318	\$283,356	\$285,399	\$289,216	\$321,929	\$326,335	\$365,425	\$402,618	\$415,740	\$451,837	\$459,266
2	546	528	791	752	713	733	739	820	820	872	790	820	816
3	137,117	91,388	29,918	35,252	40,460	44,718	35,380	34,954	46,848	31,491	133,479	52,604	54,549
4	380,192	350,117	304,027	319,360	326,611	334,647	358,042	362,028	413,093	434,981	550,009	505,261	514,631
5	13,062	14,305	34,274	57,244	8,587	10,259	10,178	10,170	10,927	9,395	11,786	13,666	13,089
6	393,254	364,422	338,301	376,604	335,198	344,906	368,220	372,198	424,020	444,376	561,795	518,927	527,720
EXPENSES													
Production and Transmission													
7	78,721	47,157	101,475	132,098	101,545	105,374	104,260	102,890	117,123	87,599	147,107	145,634	131,795
8	181,189	132,159	50,769	46,591	51,042	55,046	79,146	65,640	72,508	104,869	142,197	91,142	101,283
9	14,850	15,202	20,523	22,312	22,629	24,577	24,877	23,076	23,969	23,969	25,008	25,158	25,680
10	(17,964)	(6,050)	(6,349)	(5,608)	567	(8,817)	1,168	(3,082)	(1,076)	(1,703)	(2,879)	403	(7,744)
11	9,346	5,139	7,164	6,722	7,283	9,900	9,115	8,319	8,146	9,014	9,955	10,846	11,456
12	266,142	193,607	173,216	200,326	182,749	184,132	218,266	198,644	219,777	223,748	321,388	273,183	262,470
Distribution													
13	9,418	10,560	9,631	10,171	12,016	14,263	15,485	14,563	17,329	17,267	18,354	19,081	21,152
14	9,056	9,178	9,427	9,752	10,067	10,399	10,776	11,333	15,611	16,809	17,985	19,240	20,749
15	11,693	15,462	16,996	17,286	17,401	14,988	16,307	16,156	17,416	18,207	19,990	22,393	22,595
16	30,167	35,200	36,054	37,209	39,484	39,650	42,568	42,052	50,356	52,283	56,329	60,714	64,496
17	5,768	6,196	7,113	7,129	7,352	7,156	7,097	7,514	7,919	9,646	9,261	10,275	10,336
18	5,704	5,381	6,261	6,620	266	7,127	1,159	7,472	12,847	19,736	20,832	21,292	18,487
19	1,071	734	628	734	686	430	657	682	571	660	176	4	5
Administrative & General													
20	30,350	25,102	30,304	30,153	31,927	33,143	33,148	35,844	35,982	38,461	44,662	44,779	49,333
21	3,998	4,414	6,606	6,659	6,072	6,537	6,459	6,739	7,187	7,688	9,277	10,906	12,517
22			1	2	3	(4)	0	(9)	(3)	(3)	2	0	(4)
23	34,353	29,518	36,911	36,814	38,002	39,676	39,607	42,574	43,166	46,146	53,941	55,685	61,846
24	343,205	270,636	260,183	288,832	268,539	278,171	309,354	298,938	334,636	352,219	461,927	421,153	417,640
25	50,049	93,786	78,118	87,772	66,659	66,735	58,866	73,260	89,384	92,157	99,868	97,774	110,080
FEDERAL INCOME TAX													
26	13,500	7,803	12,532	18,199	10,603	6,760	3,584	5,070	(6,217)	(1,846)	9,263	6,569	11,499
27	0	0	0	0	0	0	0	0	0	0	0	0	70
28	3,549	16,107	3,470	1,284	608	3,867	3,975	6,497	26,634	23,983	13,823	16,402	15,684
29	0	0	0	0	0	0	0	0	0	(58)	(83)	(99)	(128)
30	5,683	5,369	0	0	0	0	0	0	0	0	0	0	0
31	\$27,317	\$64,507	\$62,116	\$68,289	\$55,448	\$56,108	\$51,307	\$61,693	\$68,967	\$70,078	\$76,865	\$74,695	\$82,954

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 2000-2012

Commission Basis Results of Operations

**AVISTA UTILITIES
WASHINGTON ELECTRIC RESULTS**

(000'S OF DOLLARS)

Line No	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
32	\$15,127	\$16,340	\$20,910	\$21,299	\$21,374	\$22,459	\$23,458	\$20,632	\$23,321	\$57,116	\$81,955	\$84,081	\$85,247
33	455,498	460,292	545,002	556,067	598,268	615,624	649,965	645,576	657,099	677,646	692,689	706,894	717,448
34	181,627	191,517	186,550	196,937	213,539	224,696	244,435	259,532	289,302	301,090	312,505	328,012	342,382
35	398,952	416,914	429,987	443,649	459,739	480,886	502,838	529,067	561,248	602,201	642,143	696,082	743,732
36	58,402	59,846	59,771	60,444	63,155	65,299	80,110	81,368	91,205	98,727	120,996	140,218	155,104
37	1,109,606	1,144,909	1,242,220	1,278,396	1,356,075	1,408,964	1,500,806	1,536,175	1,622,175	1,736,780	1,850,288	1,955,287	2,043,913
38	na	na	na	na	na	na	na	na	na	na	na	3,744	4,369
39	na	na	na	na	na	na	na	na	na	na	na	286,300	300,170
40	na	na	na	na	na	na	na	na	na	na	na	111,144	116,316
41	na	na	na	na	na	na	na	na	na	na	na	209,101	221,408
42	na	na	na	na	na	na	na	na	na	na	na	56,694	61,871
43	354,682	373,090	391,351	422,390	447,359	474,906	506,599	526,307	557,426	585,821	629,399	616,830	651,365
44	754,924	771,819	850,869	856,006	908,716	934,058	994,207	1,009,868	1,064,749	1,150,959	1,220,889	1,338,457	1,392,548
45	(105,775)	(109,541)	(111,367)	(135,404)	(150,960)	(134,967)	(138,495)	(139,033)	(147,502)	(163,716)	(184,825)	(193,671)	(201,890)
46	649,149	662,278	739,502	720,602	757,756	799,091	855,712	870,835	917,247	987,243	1,036,064	1,144,786	1,190,658
47	(80,657)	(64,763)	22,356	21,841	20,255	20,751	18,799	21,020	19,593	17,776	17,776	18,845	16,438
48	0	0	0	0	0	0	0	0	0	0	18,188	18,188	10,967
49	\$568,492	\$597,515	\$761,858	\$742,443	\$778,011	\$819,842	\$874,511	\$891,855	\$936,840	\$1,005,019	\$1,077,028	\$1,137,863	\$1,158,975

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 2000-2012

AVISTA UTILITIES
WASHINGTON ELECTRIC RESULTS
(000'S OF DOLLARS)

Electric Data for Escalators

No.	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	78,721	47,157	101,475	132,098	101,545	105,374	104,260	102,890	117,123	87,599	147,107	145,634	131,795
2	181,189	132,159	50,769	46,591	51,042	55,046	79,146	65,640	72,508	104,869	142,197	91,142	101,283
3	9,418	10,560	9,631	10,171	12,016	14,263	15,485	14,563	17,329	17,267	18,354	19,081	21,152
4	5,768	6,196	7,113	7,129	7,352	7,156	7,097	7,514	7,919	9,646	9,261	10,275	10,336
5	5,704	5,381	6,261	6,620	266	7,127	1,159	7,472	12,847	19,736	20,832	21,292	18,487
6	1,071	734	628	734	686	430	657	682	571	660	176	4	5
7	30,350	25,102	30,304	30,153	31,927	33,143	33,148	35,844	35,982	38,461	44,662	44,779	49,333
8	312,221	227,289	206,181	233,496	204,834	222,539	240,952	234,605	264,279	278,238	382,589	332,207	332,391
9	(234,785)	(156,185)	(124,379)	(154,282)	(122,799)	(133,120)	(152,124)	(135,719)	(132,984)	(146,538)	(249,369)	(188,583)	(180,834)
10	(3,466)	(5,108)	(6,105)	(6,171)	(6,793)	(6,652)	(6,624)	(6,711)	(12,172)	(19,005)	(19,612)	(20,235)	(17,018)
11	112	10	51	43	48	62	68	37	24	27	41	31	58
12	74,082	66,005	75,748	73,085	75,291	82,829	82,273	92,212	99,146	112,721	113,650	123,419	134,597
	-10.90%	14.76%	-3.51%	3.02%	10.01%	-0.67%	12.08%	7.52%	0.82%	13.69%	0.82%	8.60%	9.06%
13	14,850	15,202	20,157	20,523	22,312	22,629	24,577	24,877	23,076	23,969	25,008	25,158	25,680
14	9,056	9,178	9,427	9,752	10,067	10,399	10,776	11,333	15,611	16,809	17,985	19,240	20,749
15	3,998	4,414	6,606	6,659	6,072	6,537	6,459	6,739	7,187	7,688	9,277	10,906	12,517
16	27,904	28,794	36,190	36,934	38,451	39,565	41,812	42,949	45,874	48,466	52,270	55,304	58,946
	3.19%	25.69%	2.06%	4.11%	2.90%	5.68%	2.72%	6.81%	7.85%	5.65%	7.85%	5.80%	6.59%
Depreciation/Amortization													
17	14,850	15,202	20,157	20,523	22,312	22,629	24,577	24,877	23,076	23,969	25,008	25,158	25,680
18	9,056	9,178	9,427	9,752	10,067	10,399	10,776	11,333	15,611	16,809	17,985	19,240	20,749
19	3,998	4,414	6,606	6,659	6,072	6,537	6,459	6,739	7,187	7,688	9,277	10,906	12,517
20	9,346	5,139	7,164	6,722	7,283	9,900	9,115	8,319	8,146	9,014	9,955	10,846	11,456
21	11,693	15,462	16,996	17,286	17,401	14,988	16,307	16,156	17,416	18,207	19,990	22,393	22,595
22	5	2	1	2	3	(4)	0	(9)	(3)	(3)	2	0	(4)
23	21,044	20,603	24,161	24,010	24,687	24,884	25,422	24,466	25,559	27,218	29,947	33,239	34,047
24	(139)	(205)	(245)	(248)	0	(267)	0	(269)	(488)	(762)	(787)	(812)	(683)
25	672	57	303	256	0	379	0	225	144	162	252	186	351
26	21,577	20,455	24,219	24,018	24,687	24,996	25,422	24,422	25,215	26,617	29,412	32,614	33,715
	-5.20%	18.40%	-0.83%	2.78%	1.25%	1.70%	-3.93%	3.25%	10.50%	5.56%	10.88%	10.88%	3.38%
27	649,149	662,278	739,502	720,602	757,756	799,091	855,712	870,835	917,247	987,243	1,036,064	1,144,786	1,190,658
	2.02%	11.66%	-2.56%	5.16%	5.45%	7.09%	1.77%	5.33%	7.63%	4.95%	10.49%	4.01%	4.01%
28	568,492	597,515	761,858	742,443	778,011	819,842	874,511	891,855	936,840	1,005,019	1,072,028	1,137,863	1,158,975
	5.11%	27.50%	-2.55%	4.79%	5.38%	6.67%	1.98%	7.28%	6.67%	7.28%	6.14%	6.14%	1.86%
Exclude Power Supply and Transmission Wheeling from Other Operating Revenue													
29	13,062	14,305	34,274	57,244	8,587	10,259	10,178	10,170	10,927	9,395	11,786	13,666	13,089
30	(7,824)	(9,892)	(7,115)	(7,569)	(5,523)	(6,637)	(7,024)	(6,876)	(6,213)	(6,133)	(8,333)	(9,102)	(8,285)
31	(3,488)	(2,251)	(25,293)	(47,139)	(285)	(179)	(198)	(221)	(1,839)	(448)	(640)	(1,752)	(1,489)
32	1,750	2,162	1,866	2,536	2,779	3,443	2,956	3,073	2,875	2,814	2,813	2,812	3,315
	23.52%	-13.69%	35.91%	9.58%	23.89%	-14.14%	3.96%	-6.44%	-2.13%	-0.02%	-0.03%	-0.03%	17.86%

Note 1 In 2000 there was no Residential Exchange Credit, however the Centralia Gain Credit was recorded as a regulatory amortization. All Res X values shown for the year 2000 are associated with the Centralia Gain Credit.

ELECTRIC COST AND REVENUE TREND CALCULATIONS 2000-2012

AVISTA UTILITIES
WASHINGTON ELECTRIC RESULTS
ANNUAL AND COMPOUND GROWTH RATES

Electric Growth Rate Analysis and Escalation Factor Calculation

Line No.	Annual Growth Rates	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
1	Adjusted operating expenses	-10.90%	14.76%	-3.51%	3.02%	10.01%	-0.67%	12.08%	7.52%	13.69%	0.82%	8.60%	9.06%
2	Total depreciation/amortization	3.19%	25.69%	2.06%	4.11%	2.90%	5.68%	2.72%	6.81%	5.65%	7.85%	5.80%	6.59%
3	Adjusted taxes other than income	-5.20%	18.40%	-0.83%	2.78%	1.25%	1.70%	-3.93%	3.25%	5.56%	10.50%	10.88%	3.38%
4	Net Plant After Deferred Income Taxes	2.02%	11.66%	-2.56%	5.16%	5.45%	7.09%	1.77%	5.33%	7.63%	4.95%	10.49%	4.01%
5	Total Rate Base	5.11%	27.50%	-2.55%	4.79%	5.38%	6.67%	1.98%	5.04%	7.28%	6.67%	6.14%	1.86%
6	Adjusted Other Revenue	23.52%	-13.69%	35.91%	9.58%	23.89%	-14.14%	3.96%	-6.44%	-2.13%	-0.02%	-0.03%	17.86%
Compound Growth Rates to 2012													
7	Adjusted operating expenses	5.10%	6.69%	5.92%	7.02%	7.53%	7.18%	8.55%	7.86%	7.94%	6.09%	8.83%	9.06%
7A	Alternative Operating Expense Factor								4.00%				
8	Total depreciation/amortization	6.43%	6.73%	5.00%	5.33%	5.49%	5.86%	5.89%	6.54%	6.47%	6.74%	6.19%	6.59%
9	Adjusted taxes other than income	3.79%	4.65%	3.36%	3.84%	3.97%	4.37%	4.82%	6.66%	7.53%	8.20%	7.06%	3.36%
10	Net Plant After Deferred Income Taxes	5.18%	5.48%	4.88%	5.74%	5.81%	5.86%	5.66%	6.46%	6.74%	6.44%	7.20%	4.01%
11	Rate base	6.12%	6.21%	4.28%	5.07%	5.11%	5.07%	4.81%	5.38%	5.46%	4.87%	3.98%	1.86%
12	Adjusted Other Revenue	5.47%	3.96%	5.91%	3.02%	2.23%	-0.54%	1.93%	1.53%	3.62%	5.61%	8.55%	17.86%
Escalation Factor													
13	Adjusted operating expenses	3.5 years	19.02%	25.45%	22.29%	26.80%	28.94%	27.48%	33.26%	30.67%	22.99%	34.45%	35.45%
13A	Alternative Operating Expense Factor	3.5 years											
14	Adjusted depreciation/amortization	3 years	20.56%	21.58%	15.76%	16.86%	17.38%	18.63%	18.73%	20.69%	21.62%	19.76%	21.09%
15	Adjusted taxes other than income	3 years	11.80%	14.60%	10.43%	11.97%	12.40%	13.68%	15.16%	24.34%	26.66%	22.73%	10.47%
16	Net Plant After Deferred Income Taxes	3 years	16.38%	17.35%	15.36%	18.22%	18.47%	18.64%	17.96%	21.61%	20.60%	23.20%	12.51%
17	Rate base	3 years	19.49%	19.80%	13.41%	16.00%	16.12%	15.99%	15.12%	17.30%	15.32%	12.41%	5.67%
18	Adjusted Other Revenue	3.5 years	20.47%	14.56%	22.27%	10.97%	8.02%	-1.88%	6.91%	13.26%	21.07%	33.26%	77.76%

ELECTRIC BILLING DETERMINANT INDEX CALCULATIONS

Line No.	Rate	Schedule	Revenue Model 12 ME 06.2013	Forecast 2016	Billing Determinant Growth	12 ME 06.2013	Weight	Weight x Growth
			[A]	[B]	$[C] = ([B] - [A])/[A]$	[D]	$[E] = [D] / \text{SUM}([D])$	$[F] = [C] \times [E]$
1	RESIDENTIAL	SCHEDULE 1	2,437,081	2,317,892	3.32%	19,496,648	4.18%	0.14%
2	GENERAL SVC.	SCH. 11,12	351,975	376,154	6.87%	5,278,625	1.13%	0.08%
3	LG. GEN. SVC.	SCH. 21,22	25,427	24,085	-5.28%	11,442,151	2.45%	-0.13%
4	EX LG GEN SVC	SCHEDULE 25	252	253	0.36%	3,654,000	0.78%	0.00%
5	PUMPING	SCH. 30, 31, 32	29,062	34,481	18.64%	435,930	0.09%	0.02%
6	ST & AREA LTG	SCH. 41-48						
7	RESIDENTIAL	SCHEDULE 1	2,352,011,939	2,464,034,810	4.76%	181,679,105	38.91%	1.85%
8	GENERAL SVC.	SCH. 11,12	557,353,354	596,177,770	6.97%	56,889,051	12.19%	0.85%
9	LG. GEN. SVC.	SCH. 21,22	1,424,373,231	1,443,658,711	1.35%	96,901,080	20.76%	0.28%
10	EX LG GEN SVC	SCHEDULE 25	1,080,448,696	1,090,007,190	0.88%	52,120,204	11.16%	0.10%
11	PUMPING	SCH. 30, 31, 32	131,638,818	129,866,177	-1.35%	10,058,278	2.15%	-0.03%
12	ST & AREA LTG	SCH. 41-48	25,646,329	25,231,181	-1.62%	6,670,112	1.43%	-0.02%
13	RESIDENTIAL	SCHEDULE 1						
14	GENERAL SVC.	SCH. 11,12	339,823	364,641	7.30%	1,953,982	0.42%	0.03%
15	LG. GEN. SVC.	SCH. 21,22	2,725,241	2,697,553	-1.02%	15,597,700	3.34%	-0.03%
16	EX LG GEN SVC	SCHEDULE 25	1,248,234	1,168,073	-6.42%	4,694,836	1.01%	-0.06%
17	PUMPING	SCH. 30, 31, 32						
18	ST & AREA LTG	SCH. 41-48						
19	Total					466,871,702	100.00%	3.07%
Total Customers			2,843,797	2,952,864	3.84%			
Total Volumes			5,571,472,367	5,748,975,841	3.19%			
Total Demand			4,313,298	4,230,267	-1.93%			

AVISTA UTILITIES
2016 NATURAL GAS ATTRITION STUDY
Calculation of General Revenue Requirement
Washington - Natural Gas System
Twelve Months Ended June 30, 2013
(000's of Dollars)

Line No.	Description	(a) Attrition Balances	(b) Revenue Growth Factor	(c) Attrition Adjusted Balances	(d) After Attrition Adjustments (i)	(e) Final Balances	(f) 2014 Temporary Rate Increase (ii)	(g) 2015 Revenue Requirement	(h) 2016 Revenue Requirement
1	Attrition Rate Base	262,173	1.029827	\$254,580	\$0	\$254,580			
2	Proposed Rate of Return			7.71%		7.71%			
3	Net Operating Income Requirement			\$19,628	\$0	\$19,628			
4	Attrition Net Operating Income	\$ 9,246	1.029827	\$8,978	\$8	\$8,986			
5	Net Operating Income Deficiency			\$10,650	(\$8)	\$10,642			
6	Conversion Factor			0.62088	0.62088	0.62088			
7	Attrition Revenue Requirement			\$17,153	(\$13)	\$17,141	\$1,358	\$12,135	\$3,647
8	Total General Business Revenues					\$ 148,671	\$	150,029	\$162,164
9	Percentage Revenue Increase					11.53%		8.09%	2.25%

- Notes:**
- (i) The Adjustment included after the attrition calculated revenue requirement of \$17.153 million shown above was deemed necessary in order to account for the Operation & Maintenance (O&M) Offset adjustment, which will occur starting in the 2015 rate period. This adjustment represents activity which was not included in the 6/30/2013 normalized commission basis results used as the starting point of the Company's attrition analysis. See Exhibit No. __ (EMA-1T) Natural Gas Pro Forma adjustments for detailed description of this adjustment. However, after completing our review of this case the Company realized that this adjustment should have been included as a Pro Forma Cross Check Study adjustment only, and not included as an offset to the Attrition adjusted total.
- (ii) Order No. 09, Docket Nos. UE-120436 and UG-120436, *Consolidated*, authorized the 2014 rate increase effective January 1, 2014 to December 31, 2014 on a temporary basis, with rates reverting back to 2013 levels absent any intervening Commission action. While the Commission found the 2014 rate increases to be fair, just, reasonable and sufficient on a temporary basis, the Commission stated "justification for our temporary approval lies primarily in Avista's representations that the Company will continue its multi-year capital expenditure program for 2014." The Company has provided its capital spend for 2014 and 2015 of \$331 million and \$355 million, respectively, on a system basis, and detail descriptions of all transfers to plant and service for 2014 and 2015 is included in the Company's filing for consideration of its revenue requirement need. Please See Company witness Mr. DeFelice Exhibit No. __ (DBD-2).

AVISTA'S 2016 NATURAL GAS ATTRITION REVENUE REQUIREMENT

CBR Line No.	DESCRIPTION	Determine Base Cost and Revenue to Escalate				Escalate Non-Energy Cost				Other Cost & Revenue Adjustments		
		June 2013 Commission Basis Restated Totals [A]	June 2013 Ending Balance Plant Adjustment [B]	Incremental Revenue Normalization Adjustment [C]	Exclude Normalized Gas Costs and Revenue [D]	June 2013 Escalation Base [E]	Escalation Factor [F]	Escalation Amount [G]	Trended 2016 Non-Energy Cost [H]	(plus) 06/2013 Pro-Formed Gas Cost/Revenue [I]	(plus) Revenue Growth [J]	2016 Revenue and Cost [K]
REVENUES												
1	Total General Business	\$ 136,330	\$ -	\$ 8,564	\$ (82,872)	\$ 62,022	2.88%	\$ -	\$ 62,022	\$ 82,872	\$ 4,178	\$ 149,072
2	Total Transportation	\$ 3,752	\$ -	\$ (1,519)	\$ 1,544	\$ 3,777	6.78%	\$ -	\$ 3,777	\$ -	\$ 256	\$ 4,033
3	Other Revenues	\$ 70,583	\$ -	\$ (68,633)	\$ (1,544)	\$ 406	0.00%	\$ -	\$ 406	\$ -	\$ -	\$ 406
4	Total Gas Revenues	\$ 210,665	\$ -	\$ (61,588)	\$ (82,872)	\$ 66,205		\$ -	\$ 66,205	\$ 82,872	\$ 4,434	\$ 153,511
EXPENSES												
Production Expenses												
5	City Gate Purchases	\$ 134,135	\$ -	\$ (54,976)	\$ (79,159)	\$ -		\$ -	\$ -	\$ 79,159	\$ 2,321	\$ 81,480
6	Purchased Gas Expense	\$ 833	\$ -	\$ 2	\$ -	\$ 835	14.71%	\$ 123	\$ 958	\$ -	\$ -	\$ 958
7	Net Nat Gas Storage Trans	\$ 4,232	\$ -	\$ (4,232)	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
8	Total Production	\$ 139,200	\$ -	\$ (59,206)	\$ (79,159)	\$ 835		\$ 123	\$ 958	\$ 79,159	\$ 2,321	\$ 82,438
Underground Storage												
9	Operating Expenses	\$ 821	\$ -	\$ -	\$ -	\$ 821	14.71%	\$ 121	\$ 942	\$ -	\$ -	\$ 942
10	Depreciation/Amortization	\$ 409	\$ (29)	\$ -	\$ -	\$ 380	24.58%	\$ 93	\$ 473	\$ -	\$ -	\$ 473
11	Taxes	\$ 25	\$ -	\$ -	\$ -	\$ 25	16.88%	\$ 4	\$ 29	\$ -	\$ -	\$ 29
12	Total Underground Storage	\$ 1,255	\$ (29)	\$ -	\$ -	\$ 1,226		\$ 218	\$ 1,444	\$ -	\$ -	\$ 1,444
Distribution												
13	Operating Expenses	\$ 10,193	\$ -	\$ -	\$ -	\$ 10,193	14.71%	\$ 1,500	\$ 11,693	\$ -	\$ -	\$ 11,693
14	Depreciation/Amortization	\$ 7,375	\$ 536	\$ -	\$ -	\$ 7,911	24.58%	\$ 1,944	\$ 9,855	\$ -	\$ -	\$ 9,855
15	Taxes	\$ 8,195	\$ -	\$ 329	\$ (3,178)	\$ 5,346	16.88%	\$ 902	\$ 6,248	\$ 3,178	\$ 160	\$ 9,586
16	Total Distribution	\$ 25,763	\$ 536	\$ 329	\$ (3,178)	\$ 23,450		\$ 4,346	\$ 27,796	\$ 3,178	\$ 160	\$ 31,134
Customer Accounting												
17	Customer Accounting	\$ 5,779	\$ -	\$ 39	\$ (369)	\$ 5,449	14.71%	\$ 802	\$ 6,251	\$ 369	\$ 19	\$ 6,639
18	Customer Service & Information	\$ 6,066	\$ -	\$ (5,058)	\$ -	\$ 1,008	14.71%	\$ 148	\$ 1,156	\$ -	\$ -	\$ 1,156
19	Sales Expenses	\$ 5	\$ -	\$ -	\$ -	\$ 5	14.71%	\$ 1	\$ 6	\$ -	\$ -	\$ 6
Administrative & General												
20	Operating Expenses	\$ 12,494	\$ 180	\$ 17	\$ (166)	\$ 12,525	14.71%	\$ 1,843	\$ 14,368	\$ 166	\$ 8	\$ 14,542
21	Depreciation/Amortization	\$ 3,473	\$ 353	\$ -	\$ -	\$ 3,826	24.58%	\$ 940	\$ 4,766	\$ -	\$ -	\$ 4,766
22	Regulatory/Amortizations	\$ 29	\$ -	\$ (29)	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -
23	Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	16.88%	\$ -	\$ -	\$ -	\$ -	\$ -
24	Total Admin. & General	\$ 15,996	\$ 533	\$ (12)	\$ (166)	\$ 16,351		\$ 2,783	\$ 19,134	\$ 166	\$ 8	\$ 19,308
25	Total Gas Expense	\$ 194,064	\$ 1,040	\$ (63,908)	\$ (82,872)	\$ 48,374		\$ 8,422	\$ 56,746	\$ 82,872	\$ 2,508	\$ 142,126
26	OPERATING INCOME BEFORE FIT	\$ 16,601	\$ (1,040)	\$ 2,320	\$ -	\$ 17,881		\$ (8,422)	\$ 9,459	\$ -	\$ -	\$ 11,385

AVISTA'S 2016 NATURAL GAS ATTRITION REVENUE REQUIREMENT

CBR Line No.	DESCRIPTION	Determine Base Cost and Revenue to Escalate				Escalate Non-Energy Cost				Other Cost & Revenue Adjustments		
		June 2013 Commission Basis Restated Totals [A]	06.2013 Ending Balance Plant Adjustment [B]	Incremental Revenue Normalization Adjustment [C]	Exclude Normalized Gas Costs and Revenue [D]	June 2013 Escalation Base [E]	Escalation Factor [F]	Escalation Amount [G]	Trended 2016 Non-Energy Cost [H]	(plus) 06.2013 Pro-Formed Gas Cost/Revenue [I]	Revenue Growth [J]	2016 Revenue and Cost [K]
\$000s												
27	FEDERAL INCOME TAX											
28	Current Accrual	\$ (267)	\$ (364)	\$ 812	\$ 181			(2,948)	(2,766)		674	(2,092)
29	Debt Interest	\$ (43)	\$ (53)	\$ (41)	\$ (136)			(175)	(311)			(311)
30	Deferred FIT	\$ 4,568	\$ -	\$ -	\$ 4,568				4,568			4,568
31	Amort ITC	\$ (25)	\$ -	\$ -	\$ (25)				(25)			(25)
31	NET OPERATING INCOME	\$ 12,367	\$ (623)	\$ 1,549	\$ -	\$ 13,293		\$ (5,299)	\$ 7,994	\$ -	\$ 1,252	\$ 9,246
RATE BASE												
PLANT IN SERVICE												
32	Underground Storage	\$ 24,503	\$ 97	\$ -	\$ 24,600			4,751	29,351			\$ 29,351
33	Distribution Plant	\$ 301,840	\$ 7,007	\$ 3,943	\$ 312,790			60,408	373,198			\$ 373,198
34	General Plant	\$ 47,010	\$ 4,721	\$ -	\$ 51,731			9,991	61,722			\$ 61,722
35	Total Plant in Service	\$ 373,353	\$ 11,825	\$ 3,943	\$ 389,121			75,149	464,270			\$ 464,270
ACCUMULATED DEPRECIATION/AMORT												
36	Underground Storage	\$ (8,882)	\$ (168)	\$ -	\$ (9,050)			(1,748)	(10,798)			(10,798)
37	Distribution Plant	\$ (105,608)	\$ (3,555)	\$ (49)	\$ (109,212)			(21,092)	(130,304)			(130,304)
38	General Plant	\$ (13,057)	\$ (2,030)	\$ -	\$ (15,087)			(2,914)	(18,001)			(18,001)
39	Total Accumulated Depreciation/Amortization	\$ (127,547)	\$ (5,753)	\$ (49)	\$ (133,349)			(25,753)	(159,102)			(159,102)
40	NET PLANT	\$ 245,806	\$ 6,072	\$ 3,894	\$ 255,772			49,396	305,168			\$ 305,168
41	DEFERRED TAXES	\$ (48,113)	\$ (1,117)	\$ (33)	\$ (49,263)			(9,514)	(58,777)			(58,777)
42	Net Plant After DFIT	\$ 197,693	\$ 4,955	\$ 3,861	\$ 206,509			39,882	246,391			\$ 246,391
43	GAS INVENTORY	\$ 11,341	\$ -	\$ -	\$ 11,341			-	11,341			\$ 11,341
44	GAIN ON SALE OF BUILDING	\$ -	\$ -	\$ -	\$ -			-	-			\$ -
45	OTHER	\$ (461)	\$ -	\$ -	\$ (461)			-	(461)			(461)
46	WORKING CAPITAL	\$ 4,902	\$ -	\$ -	\$ 4,902			-	4,902			\$ 4,902
47	TOTAL RATE BASE	\$ 213,475	\$ 4,955	\$ 3,861	\$ 222,291			\$ 39,882	\$ 262,173			\$ 262,173
48	RATE OF RETURN											3.53%

ATTRITION ADJUSTED REVENUE REQUIREMENT		ATTRITION ADJUSTED REVENUE REQUIREMENT	
49	Proposed Rate of Return	7.71%	7.71%
50	Net Operating Income Requirement	\$ 16,459	\$ 20,214
51	Net Operating Income per Above	12,367	9,246
52	Net Operating Income Deficiency	\$ 4,091	\$ 10,968
53	Conversion Factor	0.62088	0.62088
54	Revenue Requirement	\$ 6,590	\$ 17,665
55	Revenue Growth Factor		1.02983
56	Attrition Adjusted Revenue Requirement		\$ 17,153

Note: (1) Included in Column [C] "Incremental Revenue Normalization Adjustment," are rate base amounts required to add back new revenue plant that was excluded from Column [B] "06-2013 Ending Balance Plant Adjustment." New revenue plant is included here in order to match plant costs with related growth revenue included in the attrition analysis above.

NATURAL GAS COST AND REVENUE TREND CALCULATIONS 2000-2012

AVISTAR UTILITIES
WASHINGTON NATURAL GAS RESULTS
(000'S OF DOLLARS)

Commission Basis Results of Operations

Line No.	DESCRIPTION	2000 Restated Total	2001 Restated Total	2002 Restated Total	2003 Restated Total	2004 Restated Total	2005 Restated Total	2006 Restated Total	2007 Restated Total	2008 Restated Total	2009 Restated Total	2010 Restated Total	2011 Restated Total	2012 Restated Total
REVENUES														
1	Total General Business	\$ 89,522	\$ 144,574	\$ 148,580	\$ 137,031	\$ 159,265	\$ 178,724	\$ 197,821	\$ 209,186	\$ 203,727	\$ 182,706	\$ 142,370	\$ 152,457	\$ 142,048
2	Total Transportation	4,525	4,274	3,878	3,392	2,842	3,440	3,111	3,263	3,369	3,275	3,155	3,448	3,627
3	Other Revenues	2,377	2,541	2,340	2,183	2,168	30,131	2,372	68,416	153,093	84,085	115,257	98,841	68,107
4	Total Gas Revenues	96,424	151,389	154,798	142,606	164,275	212,295	203,304	280,865	360,189	270,066	260,782	254,746	213,782
EXPENSES														
Production Expenses														
5	City Gate Purchases	59,659	106,139	109,325	96,222	114,371	167,251	149,802	222,364	310,276	194,267	197,494	188,167	139,073
6	Purchased Gas Expense	(1,915)	988	1,177	1,186	369	651	653	792	(9,103)	803	800	14	130
7	Net Nat Gas Storage Trans	38	134	128	-	-	(8,407)	-	283	2	10,720	(3,322)	(4,366)	4,352
8	Total Production	57,782	107,261	110,630	97,408	114,740	159,495	150,455	223,439	301,175	205,790	194,972	183,815	143,555
Underground Storage														
9	Operating Expenses	312	322	357	342	381	450	492	451	436	403	380	585	712
10	Depreciation/Amortization	314	314	297	309	309	310	312	310	276	393	348	395	438
11	Taxes	111	108	120	118	115	115	122	95	113	121	116	19	17
12	Total Underground Storage	737	744	774	769	810	875	926	856	825	917	844	999	1,167
Distribution														
13	Operating Expenses	3,956	4,655	5,482	5,762	5,958	6,084	6,359	6,467	6,123	7,700	7,696	8,854	9,511
14	Depreciation/Amortization	4,184	4,390	4,496	4,707	4,902	5,088	5,369	5,605	5,673	6,064	6,367	6,649	6,978
15	Taxes	4,919	7,315	8,070	7,205	8,213	8,573	9,457	9,844	8,941	8,746	7,223	8,051	7,825
16	Total Distribution	13,059	16,360	18,048	17,674	19,073	19,745	21,185	21,916	20,737	22,510	21,286	23,554	24,314
17	Customer Accounting	3,175	3,367	4,108	4,121	4,337	4,249	4,225	4,487	4,692	5,586	5,234	5,740	5,796
18	Customer Service & Information	507	1,513	2,252	2,747	480	3,523	1,061	4,658	5,169	7,609	9,505	9,777	6,955
19	Sales Expenses	703	445	375	492	427	320	496	516	442	497	105	3	3
Administrative & General														
20	Operating Expenses	8,004	7,578	9,399	9,827	8,911	9,196	8,393	8,901	9,706	9,770	11,383	11,585	13,419
21	Depreciation/Amortization	1,027	1,020	1,275	1,363	1,180	1,343	1,282	1,498	1,803	1,999	2,412	2,734	3,276
22	Regulatory Amortizations	-	167	185	159	169	-	-	(815)	(242)	440	216	(186)	171
23	Taxes	22	21	23	24	24	23	24	20	17	19	24	-	(1)
24	Total Admin. & General	9,053	8,786	10,882	11,373	10,284	10,562	9,699	9,604	11,284	12,228	14,035	14,133	16,865
25	Total Gas Expense	85,016	138,476	147,069	134,584	150,151	198,769	188,047	265,476	344,324	255,137	245,981	238,021	198,655
26	OPERATING INCOME BEFORE FIT	11,408	12,913	7,729	8,022	14,124	13,526	15,257	15,389	15,865	14,929	14,801	16,725	15,127
FEDERAL INCOME TAX														
27	Current Accrual	(4,775)	(256)	6,949	651	655	(3,110)	6,693	5,010	506	2,468	(5,811)	(907)	(1,185)
28	Debt Interest												63	3
29	Deferred FIT	6,605	3,078	(6,302)	325	2,340	5,522	(3,072)	(1,442)	3,320	1,238	9,594	5,691	5,033
30	Amort ITC	(31)	(30)	(31)	(31)	(31)	(30)	(30)	(31)	(31)	(30)	(29)	(27)	(25)
31	NET OPERATING INCOME	\$ 9,609	\$ 10,121	\$ 7,113	\$ 7,077	\$ 11,160	\$ 11,144	\$ 11,666	\$ 11,852	\$ 12,070	\$ 11,253	\$ 11,047	\$ 11,906	\$ 11,301

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

NATURAL GAS COST AND REVENUE TREND CALCULATIONS 2000-2012

AVISTA UTILITIES
WASHINGTON NATURAL GAS RESULTS
(000'S OF DOLLARS)

Commission Basis Results of Operations

Line No.	DESCRIPTION	2000 Restated Total	2001 Restated Total	2002 Restated Total	2003 Restated Total	2004 Restated Total	2005 Restated Total	2006 Restated Total	2007 Restated Total	2008 Restated Total	2009 Restated Total	2010 Restated Total	2011 Restated Total	2012 Restated Total
RATE BASE														
PLANT IN SERVICE														
32	Underground Storage	\$ 13,695	\$ 13,533	\$ 13,439	\$ 13,712	\$ 13,632	\$ 13,708	\$ 13,854	\$ 13,758	\$ 15,260	\$ 21,798	\$ 20,047	\$ 22,008	\$ 24,365
33	Distribution Plant	169,436	178,943	185,314	191,970	200,079	208,396	219,287	229,417	240,778	255,976	269,469	281,279	296,152
34	General Plant	14,347	15,060	15,368	16,112	16,499	17,878	20,791	21,708	24,256	27,747	33,401	38,971	44,809
35	Total Plant in Service	197,478	207,536	214,121	221,794	230,210	239,982	253,932	264,883	280,294	305,521	322,917	342,258	365,326
ACCUMULATED DEPRECIATION/AMORT														
36	Underground Storage	6,192	6,220	6,115	6,495	6,659	6,924	7,249	7,427	7,581	7,807	7,912	8,286	8,677
37	Distribution Plant	47,423	51,645	55,845	60,239	64,817	69,428	74,019	77,997	81,405	84,021	89,620	97,489	102,678
38	General Plant	5,661	5,695	6,442	7,446	6,984	7,208	7,230	7,136	8,309	8,882	10,722	10,926	12,186
39	Total Accumulated Depreciation/Amortization	59,276	63,560	68,402	74,180	78,460	83,560	88,498	92,560	97,295	100,710	108,254	116,701	123,541
40	NET PLANT	138,202	143,976	145,719	147,614	151,750	156,422	165,434	172,323	182,999	204,811	214,663	225,557	241,785
41	DEFERRED TAXES	(13,317)	(14,476)	(15,979)	(22,570)	(26,800)	(23,805)	(24,645)	(26,823)	(28,945)	(31,005)	(36,762)	(42,004)	(46,498)
42	Net Plant After DFT	124,885	129,500	129,740	125,044	124,950	132,617	140,789	145,500	154,054	173,806	177,901	183,553	195,287
43	GAS INVENTORY	2,810	3,190	4,191	4,568	4,807	6,936	7,628	5,607	15,327	8,440	10,226	13,753	13,107
44	GAIN ON SALE OF BUILDING	(517)	(470)	(424)	(378)	(243)	(286)	(153)	(197)	(152)	(109)	(44)	(14)	-
45	OTHER	3,742	3,304	2,855	2,393	1,204	1,529	1,098	789	452	(1,359)	(1,163)	(1,012)	(816)
46	WORKING CAPITAL	-	-	-	-	-	-	-	-	-	-	-	-	-
47	TOTAL RATE BASE	\$ 130,920	\$ 135,524	\$ 136,362	\$ 131,627	\$ 130,718	\$ 140,796	\$ 149,362	\$ 151,699	\$ 169,681	\$ 180,778	\$ 186,920	\$ 196,280	\$ 207,578

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

NATURAL GAS COST AND REVENUE TREND CALCULATIONS 2000-2012

**AVISTA UTILITIES
WASHINGTON NATURAL GAS RESULTS
(000'S OF DOLLARS)**

Natural Gas Data for Escalators

Line No.	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Exclude Gas Cost and Adder Schedule Expenses (DSM Tariff Rider, Decoupling Surcharge/Rebate) from O&M													
1	Underground Storage	312	322	357	342	450	492	451	436	403	380	585	712
2	Distribution	3,956	4,655	5,482	5,762	6,084	6,359	6,467	6,123	7,700	7,696	8,854	9,511
3	Customer Accounting	3,175	3,367	4,108	4,121	4,337	4,225	4,487	4,692	5,586	5,234	5,740	5,796
4	Customer Service and Information	507	1,513	2,252	2,747	4,800	1,061	4,658	5,169	7,609	9,505	9,777	6,955
5	Sales	703	445	375	492	427	496	516	442	497	105	3	3
6	Administrative and General	8,004	7,578	9,399	9,827	8,911	8,393	8,901	9,706	9,770	11,383	11,585	13,419
7	Operating expenses excluding production	16,657	17,880	21,973	23,291	20,494	23,822	25,480	26,568	31,565	34,303	36,544	36,396
8	Add Non PGA production O&M expenses	163	232	261	285	369	651	792	783	802	800	981	928
9	Deduct Gas Cost Rev Related Expenses	-387	-721	-744	-655	-772	-1,012	-1,053	-995	-816	-533	-567	-505
10	Deduct DSM Tariff Rider Expenses	0	-955	-1,708	-2,042	0	-2,861	0	-4,410	-6,823	-8,473	-9,014	-5,982
11	Deduct Decoupling Surcharge/Rebate Expenses	0	0	0	0	0	0	0	-3	-4	-3	-3	-1
12	Adjusted Operating Expenses	32,778	33,994	41,398	43,828	40,204	41,201	46,387	48,075	55,886	60,017	63,900	66,520
	Annual Percentage Change		3.71%	21.78%	5.87%	-8.27%	9.70%	-6.58%	12.59%	16.25%	7.39%	6.47%	4.10%
Depreciation/Amortization													
13	Underground Storage	314	314	297	309	310	312	310	276	393	348	395	438
14	Distribution	4,184	4,390	4,496	4,707	5,088	5,369	5,605	5,673	6,064	6,367	6,649	6,978
15	Administrative & General	1,027	1,020	1,275	1,363	1,180	1,282	1,498	1,803	1,999	2,412	2,734	3,276
16	Total Depreciation/Amortization	5,525	5,724	6,068	6,379	6,391	6,743	7,413	7,752	8,456	9,127	9,778	10,692
	Annual Percentage Change		3.60%	6.01%	5.13%	0.19%	5.48%	6.46%	4.57%	9.08%	7.94%	7.13%	9.35%
Exclude Adder Schedule amortizations (Decoupling Surcharge/Rebate) from Regulatory Amortizations													
17	Regulatory Amortizations	0	167	185	159	169	0	0	-815	-242	440	216	171
18	Deduct Decoupling Surcharge/Rebate Expenses	0	0	0	0	0	0	0	-85	-432	-710	-494	-184
19	Adjusted Regulatory Amortizations	0	167	185	159	169	0	-900	-674	-270	-278	-680	-13
Exclude Gas Cost and Adder Schedule excise taxes (DSM Tariff Rider, Decoupling Surcharge/Rebate) from Taxes Other Than Income Tax													
20	Underground Storage	111	108	120	118	115	122	95	113	121	116	19	17
21	Distribution	4,919	7,315	8,070	7,205	8,213	9,457	9,844	8,941	8,746	7,223	8,051	7,825
22	Administrative & General	22	21	23	24	24	24	20	17	19	24	0	-1
23	Total Taxes Other Than Income	5,052	7,444	8,213	7,347	8,357	9,603	9,959	9,071	8,886	7,363	8,070	7,841
24	Deduct Gas Cost Excise Tax	-2,304	-4,287	-4,425	-3,899	-4,592	-6,014	-6,261	-5,917	-4,858	-3,171	-3,374	-3,003
25	Deduct DSM Tariff Rider Excise Tax	0	-38	-68	-81	-114	0	-154	-176	-272	-338	-359	-259
26	Deduct Decoupling Surcharge/Rebate Excise Tax	0	0	0	0	0	0	-3	-17	-28	-20	-20	-7
27	Adjusted Taxes Other Than Income	2,748	3,119	3,720	3,367	3,765	3,589	3,541	2,961	3,728	3,834	4,317	4,592
	Annual Percentage Change		13.50%	19.27%	-9.49%	11.82%	-10.84%	-1.34%	-16.38%	25.90%	2.84%	12.59%	6.38%
28	Net Plant After Deferred Income Tax	124,885	129,500	129,740	125,044	124,950	132,617	140,789	145,500	154,054	173,806	177,901	183,553
	Annual Percentage Change		3.70%	0.19%	-3.62%	-0.08%	6.14%	3.35%	5.88%	12.82%	2.36%	3.18%	6.39%
29	Total Rate Base	130,920	135,524	136,362	131,627	130,718	149,362	151,699	169,081	180,778	186,920	196,280	207,578
	Annual Percentage Change		3.52%	0.62%	-3.47%	-0.69%	6.08%	1.56%	11.85%	6.54%	3.40%	5.01%	5.76%
Exclude Gas Cost Deferral related and JP Storage non-recurring revenues from Other Operating Revenue													
30	Other Operating Revenue	2,377	2,541	2,340	2,183	2,168	2,372	68,416	153,093	84,085	115,257	98,841	68,107
31	Deduct Gas Cost Deferral related revenues	-242	-244	-144	0	-28,334	0	-66,686	-153,018	-83,992	-115,193	-98,794	-67,822
32	Deduct JP Storage allocated revenue (ended 2007)	-2,130	-2,289	-2,187	-2,174	-2,156	-2,361	-1,717	0	0	0	0	0
33	Adjusted Other Operating Revenue	5	8	9	9	12	11	13	75	93	64	47	285
	Annual Percentage Change		60.00%	12.50%	0.00%	33.33%	-85.14%	18.18%	476.92%	24.00%	-31.18%	-26.56%	506.38%

NATURAL GAS COST AND REVENUE TREND CALCULATIONS 2000-2012

AVISTA UTILITIES
WASHINGTON NATURAL GAS RESULTS
ANNUAL AND COMPOUND GROWTH RATES

Natural Gas Growth Rate Analysis and Escalation Factor Calculation

Line No.	Annual Growth Rates	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
1	Adjusted operating expenses	3.71%	21.78%	5.87%	-8.27%	9.70%	-6.58%	12.59%	3.64%	16.25%	7.39%	6.47%	4.10%
2	Adjusted depreciation/amortization	3.60%	6.01%	5.13%	0.19%	5.48%	3.29%	6.46%	4.57%	9.08%	7.94%	7.13%	9.35%
3	Adjusted taxes other than income	13.50%	19.27%	-9.49%	11.82%	-10.84%	6.91%	-1.34%	-16.38%	25.90%	2.84%	12.59%	6.38%
4	Net Plant After DFTT	3.70%	0.19%	-3.62%	-0.08%	6.14%	6.16%	3.35%	5.88%	12.82%	2.36%	3.18%	6.39%
5	Rate base	3.52%	0.62%	-3.47%	-0.69%	7.71%	6.08%	1.56%	11.85%	6.54%	3.40%	5.01%	5.76%
6	Adjusted Other Revenue	Not used due to de minimus values that resulted in extraordinary variability											
Compound Growth Rates to 2012													
7	Adjusted operating expenses	6.08%	6.29%	4.86%	4.75%	6.50%	6.05%	8.31%	7.48%	8.46%	5.98%	5.28%	4.10%
7A	Alternative Operating Expense Factor	4.00%											
9	Adjusted depreciation/amortization	5.66%	5.84%	5.83%	5.91%	6.64%	6.81%	7.41%	7.60%	8.37%	8.13%	8.23%	9.35%
10	Adjusted taxes other than income	4.37%	3.58%	2.13%	3.51%	2.51%	4.58%	4.19%	5.34%	11.59%	7.20%	9.44%	6.38%
11	Net Plant After DFTT	3.80%	3.81%	4.17%	5.08%	5.74%	5.68%	5.60%	6.06%	6.11%	3.96%	4.77%	6.39%
12	Rate base	3.92%	3.95%	4.29%	5.19%	5.95%	5.70%	5.64%	6.47%	5.17%	4.72%	5.38%	5.76%
13	Adjusted Other Revenue	Not used due to de minimus values that resulted in extraordinary variability											

Not used due to de minimus values that resulted in extraordinary variability

Line No.	Escalation Factor	2000-2012	2001-2012	2002-2012	2003-2012	2004-2012	2005-2012	2006-2012	2007-2012	2008-2012	2009-2012	2010-2012	2011-2012
14	Adjusted operating expenses	22.93%	23.81%	18.06%	17.62%	24.64%	22.81%	32.24%	28.70%	32.86%	22.53%	19.73%	15.10%
14A	Alternative Operating Expense Factor	14.71%											
16	Adjusted depreciation/amortization	17.95%	18.58%	18.52%	18.79%	21.29%	21.86%	23.92%	24.58%	27.27%	26.44%	26.79%	30.75%
17	Adjusted taxes other than income	13.70%	11.13%	6.52%	10.90%	7.73%	14.37%	13.11%	16.88%	38.97%	23.18%	31.08%	20.38%
18	Net Plant After DFTT	11.83%	11.86%	13.05%	16.02%	18.23%	18.04%	17.77%	19.31%	19.47%	12.36%	15.01%	20.43%
19	Rate base	12.21%	12.33%	13.43%	16.40%	18.94%	18.10%	17.89%	20.70%	16.32%	14.82%	17.03%	18.28%
20	Adjusted Other Revenue	Not used due to de minimus values that resulted in extraordinary variability											

**BILLING DETERMINANT INDEX
2013 TO 2015 WEIGHTED REVENUE GROWTH**

Line No.	Description A	Schedule B	Billing Determinant C	Revenue Model June 2013 D	Forecast 2016 E	Billing Determinant Growth F=(E-D)/D	Revenue June 2013 G	Weight H=G/SUM G	Weighted Growth I=FxH
1	General Svc	101	Basic/Min	1,768,267	1,818,533	2.84%	\$14,146,136	9.76%	0.28%
2	Lrg Gen Svc	111/112	Basic/Min	29,797	30,654	2.88%	\$4,754,707	3.28%	0.09%
3	Ex Lrg Gen Svc	121/122	Basic/Min	336	329	-2.08%	\$136,282	0.09%	0.00%
4	Interruptible Svc	131/132	Basic/Min	24	24	0.00%	\$0	0.00%	0.00%
5	General Svc	101	Volumes	114,766,242	117,834,261	2.67%	\$92,807,972	64.05%	1.71%
6	Lrg Gen Svc	111/112	Volumes	45,312,560	46,811,940	3.31%	\$28,733,641	19.83%	0.66%
7	Ex Lrg Gen Svc	121/122	Volumes	5,674,290	5,951,023	4.88%	\$3,591,549	2.48%	0.12%
8	Interruptible Svc	131/132	Volumes	1,223,438	1,283,075	4.87%	\$724,280	0.50%	0.02%
9	Total			166,976,530	171,880,299		\$144,894,567	100.00%	2.88%
10	Transportation Svc	146	Basic/Min	456	496	8.78%	\$182,400	4.83%	0.42%
11	Special Contract	148	Basic/Min	60	70	16.16%	\$325,584	8.62%	1.39%
12	Transportation Svc	146	Volumes	28,756,108	30,994,623	7.78%	\$2,050,162	54.29%	4.23%
13	Special Contract	148	Volumes	45,681,404	46,722,534	2.28%	\$1,218,215	32.26%	0.74%
14	Total			74,437,512	77,717,157		\$3,776,361	100.00%	6.78%
15	General Svc	101	Total Revenue				\$106,954,108		
16	Lrg Gen Svc	111/112	Total Revenue				\$33,488,348		
17	Ex Lrg Gen Svc	121/122	Total Revenue				\$3,727,831		
18	Interruptible Svc	131/132	Total Revenue				\$724,280		
19	Transportation Svc	146	Total Revenue				\$2,232,562		
20	Special Contract	148	Total Revenue				\$1,543,799		
21	Total						\$148,670,928		
Change in Purchased Gas Cost									
				June 2013	2016	Increase (Decrease)	Gas Costs Per Therm		
22	General Svc	101	Volumes	114,766,242	117,834,261	3,068,019	\$0.47578	\$1,459,702	
23	Lrg Gen Svc	111/112	Volumes	45,312,560	46,811,940	1,499,380	\$0.47321	\$709,521	
24	Ex Lrg Gen Svc	121/122	Volumes	5,674,290	5,951,023	276,733	\$0.45329	\$125,440	
25	Interruptible Svc	131/132	Volumes	1,223,438	1,283,075	59,637	\$0.42946	\$25,612	
26	Total			166,976,530	171,880,299	4,903,769			
27	Transp	146	Volumes	28,756,108	30,994,623	2,238,515	\$0.00054	\$1,209	
28	Spec Cont Trans	148	Volumes	45,681,404	46,722,534	1,041,130	\$0.00000		
29	Total			74,437,512	77,717,157	3,279,645		\$2,321,485	