

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-150204

DOCKET NO. UG-150205

EXH. EMA-21 R

ELIZABETH M. ANDREWS

REPRESENTING AVISTA CORPORATION

Electric Attrition Rate Base Calculation - Approved (Based on approved %'s)

| CBR Line Number | \$000s | Base Rate Base Cost to Escalate | | | | Escalate Rate Base Cost | | | | After Attrition Adj - Project Compass | 2016 Rate Base Cost [H]+[I]=J |
|-----------------|-----------------------------------------------------|-------------------------------------------------|--------------------------------------------------|-------------------------------|-------------------|-------------------------------|----------------------------------------|-------------|--------------|---------------------------------------|-------------------------------|
| | | 12.2014 Commission Basis Report Restated Totals | Approved Deferred Debit/Credit & Reg. Amorts Adj | December 2014 Escalation Base | Escalation Factor | Energy Escalation Cost Amount | Trended 2016 Non-Energy Rate Base Cost | [E]+[G]=[H] | [I] | | |
| | [A] | [B] | [C] | [D] | [E] | [F] | 0 | [G] | [H] | [I] | [J] |
| 2 | RATE BASE | | | | | | | | | | |
| 3 | Plant in Service | | | | | | | | | | |
| 4 | Intangible | \$ 102,620 | | | \$ 102,620 | 8.41% | * | \$ 8,632 | \$ 111,252 | \$ 46,004 | \$ 157,256 |
| 5 | Production | \$ 746,101 | | | \$ 746,101 | 8.41% | | \$ 62,762 | \$ 808,863 | | \$ 808,863 |
| 6 | Transmission | \$ 371,971 | | | \$ 371,971 | 8.41% | | \$ 31,290 | \$ 403,261 | | \$ 403,261 |
| 7 | Distribution | \$ 842,795 | | | \$ 842,795 | 0.00% | * | \$ - | \$ 842,795 | | \$ 842,795 |
| 8 | General | \$ 196,867 | | | \$ 196,867 | 8.41% | | \$ 16,560 | \$ 213,427 | | \$ 213,427 |
| 9 | Subtotal: Plant in Service | \$ 2,260,354 | \$ - | \$ - | \$ 2,260,354 | | | \$ 119,245 | \$ 2,379,599 | \$ 46,004 | \$ 2,425,603 |
| 10 | Accumulated Depreciation and Amortization | | | | | | | | | | |
| 11 | Intangible | \$ (20,242) | | | \$ (20,242) | 8.41% | | \$ (1,703) | \$ (21,945) | \$ (1,943) | \$ (23,888) |
| 12 | Production | \$ (325,531) | | | \$ (325,531) | 8.41% | | \$ (27,384) | \$ (352,915) | | \$ (352,915) |
| 13 | Transmission | \$ (123,869) | | | \$ (123,869) | 8.41% | | \$ (10,420) | \$ (134,289) | | \$ (134,289) |
| 14 | Distribution | \$ (252,722) | | | \$ (252,722) | 0.00% | * | \$ - | \$ (252,722) | | \$ (252,722) |
| 15 | General | \$ (65,720) | | | \$ (65,720) | 8.41% | | \$ (5,528) | \$ (71,248) | | \$ (71,248) |
| 16 | Subtotal: Accumulated Depreciation and Amortization | \$ (788,084) | \$ - | \$ - | \$ (788,084) | | | \$ (45,035) | \$ (833,119) | \$ (1,943) | \$ (835,062) |
| 17 | Net Plant | \$ 1,472,270 | \$ - | \$ - | \$ 1,472,270 | | | \$ 74,210 | \$ 1,546,480 | \$ 44,061 | \$ 1,590,541 |
| 18 | Deferred Taxes | (257,766) | | | (257,766) | 8.41% | | (21,683) | (279,449) | (2,003) | (281,452) |
| 19 | Net Plant After Deferred taxes | \$ 1,214,504 | \$ - | \$ - | \$ 1,214,504 | | 0 | \$ 52,527 | \$ 1,267,031 | \$ 42,058 | \$ 1,309,089 |
| 20 | Deferred Debits and Credits | 10,846 | | (6,250) | 4,596 | 0.00% | | \$ - | 4,596 | | 4,596 |
| 21 | Working Capital | 47,807 | | | 47,807 | 0.00% | | \$ - | 47,807 | | 47,807 |
| 22 | TOTAL RATE BASE | \$ 1,273,157 | \$ - | \$ (6,250) | \$ 1,266,907 | | | \$ 52,527 | \$ 1,319,434 | \$ 42,058 | \$ 1,361,492 |
| 23 | ATTRITION ADJUSTED RATE BASE REVENUE REQUIREMENT | | | | | | | | | | |
| 24 | Approved Rate of Return | 7.29% | | | | | | | | | 7.29% |
| 25 | Return on Plant in Service | \$ 92,813 | | | | | | | | | \$ 99,253 |
| 26 | Revenue Conversion Factor | 0.62018 | | | | | | | | | 0.62018 |
| 27 | Rate Base (prior to growth factor adj) | | | | | | | | | | \$ 160,039 |
| 28 | Authorized Cost of Debt | 2.68% | | | | | | | | | |
| 29 | Revenue Growth Factor | | | | | | | | | 1.013115 | \$ 1,343,867 |
| 30 | Attrition Adjusted Revenue Requirement on Rate Base | | | | | | | | | \$ 157,967 | |

*Per Commission Order 05 in Docket No. UE-150204

| | | |
|---------------------------------------------------------------------|--------------|-------------------------------------|
| Attrition Rate Base | \$ 1,343,867 | |
| Pro Forma Rate Base Per Order 05 | \$ 1,315,891 | |
| Net difference to (remove) | \$ (27,976) | Debt interest |
| Revenue requirement on Difference | \$ (3,288) | \$ 423 |
| Net Revenue Requirement of Attrition Base above Pro Forma rate base | \$ (2,865) | Refund owed prior to offsets |
| Attrition Rate Base | \$ 1,343,867 | |
| Actual EOP 2015 Rate Base | \$ 1,386,000 | |
| Net difference of 2015 EOP over Attrition Rate Base | \$ 42,133 | Debt interest |
| Revenue requirement on Difference | \$ 4,953 | \$ (637) |
| Net Revenue Requirement of EOP 2015 above Attrition rate base | \$ 4,315 | Under-recovery of actual rate base. |
| Amount owed Customers if 2015 EOP Considered | \$ 0.0 | |

Electric Attrition Non-Escalated Rate Base Calculation - Based on 0% escalator per Court of Appeals

| CBR Line Number | \$000s | Base Rate Base Cost to Escalate | | | | Escalate Rate Base Cost | | | 2016 Rate Base Cost [H]+[I]=[J] | | | | | |
|-----------------------|---------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------|----------------------|---------------------------------------------|-------------------------------------------------|---------------------------------------------|---------------------------------------|------------|--------------|------------|-----|-----|
| | | 12.2014 Commission Basis Report Restated Totals | Approved Deferred Debit/Credit & Reg. Amorts Adj | December 2014 Escalation Base | Escalation Factor | Non- Energy Cost Escalation Amount | Trended 2016 Non-Energy Rate Base Cost | After Attrition Adj - Project Compass | | | | | | |
| | | [A] | [B] | [C] | | [D] | [E] | [F] | | 0 | [E]*[F]=[G] | [G] | [H] | [I] |
| 1 | | | | | | | | | | | | | | |
| 2 | RATE BASE | | | | | | | | | | | | | |
| 3 | Plant in Service | | | | | | | | | | | | | |
| 4 | Intangible | \$ 102,620 | | | \$ 102,620 | 0.00% | * | \$ - | \$ 102,620 | \$ 46,004 | \$ 148,624 | | | |
| 5 | Production | \$ 746,101 | | | \$ 746,101 | 0.00% | | \$ - | \$ 746,101 | | \$ 746,101 | | | |
| 6 | Transmission | \$ 371,971 | | | \$ 371,971 | 0.00% | | \$ - | \$ 371,971 | | \$ 371,971 | | | |
| 7 | Distribution | \$ 842,795 | | | \$ 842,795 | 0.00% | * | \$ - | \$ 842,795 | | \$ 842,795 | | | |
| 8 | General | \$ 196,867 | | | \$ 196,867 | 0.00% | | \$ - | \$ 196,867 | | \$ 196,867 | | | |
| 9 | Subtotal: Plant in Service | \$ 2,260,354 | \$ - | \$ - | \$ - | \$ 2,260,354 | | \$ - | \$ 2,260,354 | \$ 46,004 | \$ 2,306,358 | | | |
| 10 | Accumulated Depreciation and Amortization | | | | | | | | | | | | | |
| 11 | Intangible | \$ (20,242) | | | \$ (20,242) | 0.00% | | \$ - | \$ (20,242) | \$ (1,943) | \$ (22,185) | | | |
| 12 | Production | \$ (325,531) | | | \$ (325,531) | 0.00% | | \$ - | \$ (325,531) | | \$ (325,531) | | | |
| 13 | Transmission | \$ (123,869) | | | \$ (123,869) | 0.00% | | \$ - | \$ (123,869) | | \$ (123,869) | | | |
| 14 | Distribution | \$ (252,722) | | | \$ (252,722) | 0.00% | * | \$ - | \$ (252,722) | | \$ (252,722) | | | |
| 15 | General | \$ (65,720) | | | \$ (65,720) | 0.00% | | \$ - | \$ (65,720) | | \$ (65,720) | | | |
| 16 | Subtotal: Accumulated Depreciation and Amortization | \$ (788,084) | \$ - | \$ - | \$ - | \$ (788,084) | | \$ - | \$ (788,084) | \$ (1,943) | \$ (790,027) | | | |
| 17 | Net Plant | \$ 1,472,270 | \$ - | \$ - | \$ - | \$ 1,472,270 | \$ - | \$ - | \$ 1,472,270 | \$ 44,061 | \$ 1,516,331 | | | |
| 18 | Deferred Taxes | (257,766) | | | \$ (257,766) | 0.00% | | \$ - | \$ (257,766) | \$ (2,003) | \$ (259,769) | | | |
| 19 | Net Plant After Deferred taxes | \$ 1,214,504 | \$ - | \$ - | \$ - | \$ 1,214,504 | \$ - | \$ - | \$ 1,214,504 | \$ 42,058 | \$ 1,256,562 | | | |
| 20 | Deferred Debits and Credits | 10,846 | | \$ (6,250) | \$ 4,596 | 0.00% | | \$ - | \$ 4,596 | | \$ 4,596 | | | |
| 21 | Working Capital | 47,807 | | | \$ 47,807 | 0.00% | | \$ - | \$ 47,807 | | \$ 47,807 | | | |
| 22 | TOTAL RATE BASE | \$ 1,273,157 | \$ - | \$ (6,250) | \$ - | \$ 1,266,907 | | \$ - | \$ 1,266,907 | \$ 42,058 | \$ 1,308,965 | | | |
| 23 | ATTRITION ADJUSTED RATE BASE REVENUE REQUIREMENT | | | | | | | | | | | | | |
| 24 | Approved Rate of Return | 7.29% | | | | | | | | | | 7.29% | | |
| 25 | Return on Plant in Service | \$ 92,813 | | | | | | | | | | \$ 95,424 | | |
| 26 | Revenue Conversion Factor | 0.62018 | | | | | | | | | | 0.62018 | | |
| 27 | Rate Base (prior to growth factor adj) | | | | | | | | | | | \$ 153,864 | | |
| 28 | Authorized Cost of Debt | 2.68% | | | | | | | | | | | | |
| 29 | Revenue Growth Factor | | | | | | | | | | | 1.000000 | | |
| 30 | Attrition Adjusted Revenue Requirement on Rate Base | | | | | | | | | | | \$ 153,864 | | |

No adjustment for Growth Factor necessary, as balances are at Pro Forma levels, not escalated rate year levels.

Attrition Rate Base - 0% Escalation \$ 1,308,965 Do not use, lower than Pro Forma

*0% Attrition Rate Base Per Court of Appeals

Pro Forma Rate Base Per Order 05 \$ 1,315,891 Use Pro Forma Rate Base Approved for Adj

Natural Gas Attrition Rate Base Calculation - Approved (Based on approved %'s)

| \$000s | | Base Rate Base Cost to Escalate | | | | Escalate Rate Base Cost | | | | | |
|----------|------------------------------|------------------------------------------|------|------|------|-------------------------------|-------------------|---------------------------------|----------------------------------------------------|---------------------------------------|---------------------------------|
| CBR Line | DESCRIPTION | 12.2014 Commission Basis Report Restated | | | | December 2014 Escalation Base | Escalation Factor | Escalation Amount [E] * [F]=[G] | Trended 2016 Non-Energy Rate Base Cost [E]+[G]=[H] | After Attrition Adj - Project Compass | 2016 Rate Base Cost [H]+[I]=[J] |
| No. | DESCRIPTION | Totals | | | | | | | | | |
| 1 | | [A] | [B] | [C] | [D] | [E] | [F] | [G] | [H] | [I] | [J] |
| 2 | RATE BASE | | | | | | | | | | |
| 3 | PLANT IN SERVICE | | | | | | | | | | |
| 4 | Underground Storage | \$ 25,235 | | | | \$ 25,235 | * 16.86% | \$ 4,255 | 29,490 | | \$ 29,490 |
| 5 | Distribution Plant | \$ 337,894 | | | | \$ 337,894 | 16.86% | 56,969 | 394,863 | | 394,863 |
| 6 | General Plant | \$ 59,169 | | | | \$ 59,169 | 16.86% | 9,976 | 69,145 | 13,239 | \$82,384 |
| 7 | Total Plant in Service | \$ 422,298 | \$ - | \$ - | \$ - | \$ 422,298 | | 71,199 | 493,497 | 13,239 | 506,736 |
| 8 | ACCUMULATED DEPR/AMORT | | | | | | | | | | |
| 9 | Underground Storage | \$ (9,521) | | | | \$ (9,521) | 16.86% | (1,605) | (11,126) | | (11,126) |
| 10 | Distribution Plant | \$ (114,795) | | | | \$ (114,795) | 16.86% | (19,354) | (134,149) | | (134,149) |
| 11 | General Plant | \$ (17,429) | | | | \$ (17,429) | 16.86% | (2,939) | (20,368) | (559) | (20,927) |
| 12 | Total Accumulated Depr/Amort | \$ (141,745) | \$ - | \$ - | \$ - | \$ (141,745) | | (23,898) | (165,643) | (559) | (166,202) |
| 13 | NET PLANT | \$ 280,553 | \$ - | \$ - | \$ - | \$ 280,553 | | \$ 47,301 | \$ 327,854 | \$ 12,680 | 340,534 |
| 14 | DEFERRED TAXES | \$ (54,652) | | | | \$ (54,652) | 16.86% | (9,214) | (63,866) | (576) | (64,442) |
| 15 | Net Plant After DFIT | \$ 225,901 | \$ - | \$ - | \$ - | \$ 225,901 | | 38,087 | 263,988 | 12,104 | 276,092 |
| 16 | GAS INVENTORY | \$ 14,762 | | | | \$ 14,762 | 0.00% | - | 14,762 | | 14,762 |
| 17 | GAIN ON SALE OF BUILD | \$ - | | | | \$ - | 0.00% | - | - | | - |
| 18 | OTHER | \$ (479) | | | | \$ (479) | 0.00% | - | (479) | | (479) |
| 19 | WORKING CAPITAL | \$ 10,073 | | | | \$ 10,073 | 0.00% | - | 10,073 | | 10,073 |
| 20 | TOTAL RATE BASE | \$ 250,257 | \$ - | \$ - | \$ - | \$ 250,257 | | \$ 38,087 | \$ 288,344 | \$ 12,104 | \$ 300,448 |

\$297,012
Adjusted for Growth Factor

| | | | | | | | | | | | |
|----|---------------------------------------------------------|-----------|--|--|--|--|--|--|--|-----------|--|
| 21 | ATTRITION ADJUSTED RATE BASE REVENUE REQUIREMENT | | | | | | | | | | |
| 22 | Proposed Rate of Return | 7.29% | | | | | | | | 7.29% | |
| 23 | Return on Plant in Service | \$ 18,244 | | | | | | | | \$ 21,903 | |
| 24 | Conversion Factor | 0.62032 | | | | | | | | 0.62032 | |
| 25 | Rate Base (prior to growth factor adj) | | | | | | | | | \$ 35,309 | |
| 26 | Authorized Cost of Debt | 2.68% | | | | | | | | | |
| 27 | Revenue Growth Factor | | | | | | | | | 1.01157 | |
| 28 | Attrition Adjusted Revenue Requirement on Rate Base | | | | | | | | | \$ 34,905 | |

Attrition Rate Base \$ 297,012
Pro Forma Rate Base (per Order 05) 263,655

*Per Commission Order 05 in Docket No. UE-150204

Net difference to (remove) **\$ (33,357)** Debt interest
 Revenue requirement on Difference **\$ (3,920)** \$ 504
Net Revenue Requirement of Attrition Base above Pro Forma Base \$ (3,416) Refund owed prior to offsets

| | |
|---------------------------------------------------------------------------------|------------------------------|
| Attrition Rate Base \$ 297,012 | |
| Actual EOP 2015 Rate Base 286,597 | |
| Net difference of 2015 EOP below Attrition Rate Base \$ (10,415) | Debt interest |
| Revenue requirement on Difference \$ (1,224) | \$ 157 |
| Net Revenue Requirement of EOP 2015 below Attrition rate base \$ (1,067) | Refund owed prior to offsets |
| Earnings Sharing Paid Customers \$ (1,581) | |
| Amount owed Customers if 2015 EOP Considered \$0.0 | |

Natural Gas Attrition Non-Escalated Rate Base Calculation - Based on 0% escalator per Court of Appeals

| \$000s | | Base Rate Base Cost to Escalate | | | | Escalate Rate Base Cost | | | | | |
|----------|---------------------------------------------------------|-------------------------------------------------|------|-------------------------------|-------------------|--------------------------------|-----------------------------------------------------|-------------------------------------|---------------------------------|-------------------------------------------------|------------|
| CBR Line | | 12.2014 Commission Basis Report Restated Totals | | December 2014 Escalation Base | Escalation Factor | Escalation Amount [E] *[F]=[G] | Trended 2016 Non-Energy Rate Base Cost [E]+[G]=[H] | After Attrition Adj Project Compass | 2016 Rate Base Cost [H]+[I]=[J] | | |
| No. | DESCRIPTION | [A] | [B] | [C] | [D] | [E] | [F] | [G] | [H] | [I] | [J] |
| 2 | RATE BASE | | | | | | | | | | |
| 3 | PLANT IN SERVICE | | | | | | | | | | |
| 4 | Underground Storage | \$ 25,235 | | | | \$ 25,235 | * 0.00% | \$ - | 25,235 | | \$ 25,235 |
| 5 | Distribution Plant | \$ 337,894 | | | | \$ 337,894 | 0.00% | - | 337,894 | | 337,894 |
| 6 | General Plant | \$ 59,169 | | | | \$ 59,169 | 0.00% | - | 59,169 | 13,239 | \$72,408 |
| 7 | Total Plant in Service | \$ 422,298 | \$ - | \$ - | \$ - | \$ 422,298 | | - | 422,298 | 13,239 | 435,537 |
| 8 | ACCUMULATED DEPR/AMORT | | | | | | | | | | |
| 9 | Underground Storage | \$ (9,521) | | | | \$ (9,521) | 0.00% | - | (9,521) | | (9,521) |
| 10 | Distribution Plant | \$ (114,795) | | | | \$ (114,795) | 0.00% | - | (114,795) | | (114,795) |
| 11 | General Plant | \$ (17,429) | | | | \$ (17,429) | 0.00% | - | (17,429) | (559) | (17,988) |
| 12 | Total Accumulated Depr/Am | \$ (141,745) | \$ - | \$ - | \$ - | \$ (141,745) | | - | (141,745) | (559) | (142,304) |
| 13 | NET PLANT | \$ 280,553 | \$ - | \$ - | \$ - | \$ 280,553 | | \$ - | 280,553 | \$ 12,680 | 293,233 |
| 14 | DEFERRED TAXES | \$ (54,652) | | | | \$ (54,652) | 0.00% | - | (54,652) | (576) | (55,228) |
| 15 | Net Plant After DFIT | \$ 225,901 | \$ - | \$ - | \$ - | \$ 225,901 | | - | 225,901 | 12,104 | 238,005 |
| 16 | GAS INVENTORY | \$ 14,762 | | | | \$ 14,762 | 0.00% | - | 14,762 | | 14,762 |
| 17 | GAIN ON SALE OF BUILT | \$ - | | | | \$ - | 0.00% | - | - | | - |
| 18 | OTHER | \$ (479) | | | | \$ (479) | 0.00% | - | (479) | | (479) |
| 19 | WORKING CAPITAL | \$ 10,073 | | | | \$ 10,073 | 0.00% | - | 10,073 | | 10,073 |
| 20 | TOTAL RATE BASE | \$ 250,257 | \$ - | \$ - | \$ - | \$ 250,257 | | \$ - | 250,257 | \$ 12,104 | \$ 262,361 |
| 21 | ATTRITION ADJUSTED RATE BASE REVENUE REQUIREMENT | | | | | | | | | | |
| 22 | Proposed Rate of Return | | | | | 7.29% | | | | | 7.29% |
| 23 | Return on Plant in Service | \$ | | | | 18,244 | | | | \$ | 19,126 |
| 24 | Conversion Factor | | | | | 0.62032 | | | | | 0.62032 |
| 25 | Rate Base (prior to growth factor adj) | | | | | | | | | \$ | 30,833 |
| 26 | Authorized Cost of Debt | | | | | 2.68% | | | | | |
| 27 | Revenue Growth Factor | | | | | | | | | | 1.00000 |
| 28 | Attrition Adjusted Revenue Requirement on Rate Base | | | | | | | | | \$ | 30,833 |
| | | | | | | | Attrition Rate Base - 0% Escalation | \$ | 262,361 | Do not use, lower than Pro Forma | |
| | | | | | | | *0% Attrition Rate Base Per Court of Appeals | \$ | 263,655 | Use Pro Forma Rate Base Approved for Adj | |

No adjustment for Growth Factor necessary, as balances are at Pro Forma levels, not escalated rate year levels.