

Avista

Schedule 174

Workpapers

Avista

Schedule 174

Rate Spread – Rate Design

Schedule 174
 Temporary Federal Tax Rate Adjustment

Line No.	Type of Service	Schedule Number	Present Base Revenue	Schedule 174		Billed Percentage Change	Present Billing Determinants	Schedule 174 Per Therm Rate
				Federal Tax Rate Adjustment	Base Percentage Change			
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	General Service	101/102	\$65,960	(\$2,517)	-3.8%	-2.5%	119,446,617	\$ (0.02107)
2	Large General Service Large General Svc.-High	111/112	\$15,082	(\$575)	-3.8%	-2.1%	47,951,720	\$ (0.01200)
3	Annual Load Factor	121/122	\$999	(\$38)	-3.8%	-1.7%	4,115,331	\$ (0.00926)
4	Interruptible Service	131/132	\$185	(\$7)	-3.8%	-1.7%	901,267	\$ (0.00784)
5	Transportation Service	146	\$2,849	(\$109)	-3.8%	-3.8%	30,719,529	\$ (0.00354)
6	Special Contracts	148	<u>\$1,612</u>	<u>\$0</u>	0.0%	0.0%		
7	Total		\$86,686	(\$3,246)	-3.7%	-2.4%		

* In effect for a one-year period beginning June 1, 2018

Avista

Schedule 174

Deferred Tax Calculation

<u>TCJA Deferred Tax Credits</u>	<u>Washington Electric</u>	<u>Washington Natural Gas</u>
Non-Plant Excess ADFIT	Note: (1)	\$ (1,140)
Jan-Apr Deferral FIT/DFIT Exp	\$ (5,982)	\$ (1,717)
Jan-Apr Deferral ARAM Amort	<u>\$ (1,887)</u>	<u>\$ (389)</u>
Total	<u><u>\$ (7,869)</u></u>	<u><u>\$ (3,246)</u></u>

(1) Per Order 7 of Docket UE-170485, continue deferral of electric Non-Plant Excess ADFIT for resolution and distribution in Docket U-170970. Docket U-170970 (per All party Settlement) requests use as offset to accelerate depreciation of Colstrip Units 3 and 4.

AVISTA UTILITIES
WASHINGTON NATURAL ELECTRIC RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2016

Federal Income Taxes Embedded In Allowed Rates
Calculation of Adjustment 5.04
Jan.-Apr. 2018 Deferral

Last Approved Case		WA Electric UE-150204 Order No. 5	*From Knox Functionalization work papers, UE-170485
			Normalized usage
Rate Base	Appendix A	1,315,891	Electric*
Weighted Cost of Equity	Appendix C, page 2	4.61%	Jan 556,116,924
Weighted Cost of Debt	Appendix C, page 2	2.68%	Feb 486,363,482
Allowed Rate of Return	Appendix C, page 2	7.29%	Mar 477,534,770
			Apr 431,246,457
Equity Return		60,663	May 432,472,926
Interest		35,268	Jun 424,693,280
Total Return (Net Income Requirement)		95,928	Jul 490,670,110
			Aug 464,617,267
Pre-Tax Equity Return	35%	93,327	Sep 435,934,058
Implied Tax Cost		32,664	Oct 436,958,679
			Nov 468,856,068
Pre-Tax Equity Return	21%	78,788	Dec 553,149,891
Implied Tax Cost		16,125	Total 5,658,613,712
TCJ Annual Savings		(16,539)	
	Pre-tax Conversion Factor	0.953323	Jan-Apr proportion of annual load
Annual Revenue Requirement		(17,349)	Electric 0.34483033
Jan-Apr Deferred Rev Req (in 000's)		\$ (5,982)	

Revenue Conversion Factor with Tax Reform	0.753125
Gross down (for Adj Detail-Input tab)	\$ (4,505)

AVISTA UTILITIES
WASHINGTON NATURAL GAS RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2016

**Federal Income Taxes Embedded in Allowed Rates
Calculation of Adjustment 5.04
Jan.-Apr. 2018 Deferral**

Last Approved Case		WA Nat Gas UG-150205 Order No. 5		*From 170942 Natural Gas Decoupling Attach 2
				<u>Normalized usage</u>
Rate Base	Appendix A	263,655		Gas*
Weighted Cost of Equity	Appendix C, page 2	4.61%	Jan	30,851,914
Weighted Cost of Debt	Appendix C, page 2	2.68%	Feb	24,597,131
Allowed Rate of Return	Appendix C, page 2	7.29%	Mar	20,997,854
			Apr	12,961,292
Equity Return		12,154	May	7,241,220
Interest		7,066	Jun	4,706,554
Total Return (Net Income Requirement)		19,220	Jul	4,136,345
			Aug	4,113,714
Pre-Tax Equity Return	35%	18,699	Sep	4,888,933
Implied Tax Cost		6,545	Oct	11,713,062
			Nov	23,111,115
Pre-Tax Equity Return	21%	15,385	Dec	31,686,612
Implied Tax Cost		3,231	Total	181,005,746
TCJI Annual Savings		(3,314)		Jan-Apr proportion
Pre-tax Conversion Factor		0.953535		of annual load
Annual Revenue Requirement		(3,475.26)		<u>Gas</u>
				0.493952228
Jan-Apr Deferred Rev Req (in 000's)		\$ (1,717)		
Revenue Conversion Factor with Tax Reform		0.753293		
Gross down (for Adj Detail-input tab)		\$ (1,293)		

AVISTA UTILITIES
WASHINGTON ELECTRIC

**Tax Reform Schedule 74 Revenue Requirement
(1-Yr Amortization)**

(000'S OF DOLLARS)

Line No.	DESCRIPTION	1 year amort	
		Tax Reform Jan - Apr Deferral FIT/DEFT Exp	Tax Reform Jan - Apr Deferral ARAM Amort
	Adjustment Number	5.04	5.05
	Workpaper Reference	E-TCJA-4	E-TCJA-5
REVENUES			
1	Total General Business	\$0	\$0
2	Interdepartmental Sales	-	-
3	Sales for Resale	-	-
4	Total Sales of Electricity	-	-
5	Other Revenue	-	-
6	Total Electric Revenue	-	-
EXPENSES			
Production and Transmission			
7	Operating Expenses	-	-
8	Purchased Power	-	-
9	Depreciation/Amortization	-	-
10	Regulatory Amortization	-	-
11	Taxes	-	-
12	Total Production & Transmission	-	-
Distribution			
13	Operating Expenses	-	-
14	Depreciation/Amortization	-	-
15	Regulatory Amortization	-	-
16	Taxes	-	-
17	Total Distribution	-	-
18	Customer Accounting	-	-
19	Customer Service & Information	-	-
20	Sales Expenses	-	-
Administrative & General			
21	Operating Expenses	-	-
22	Depreciation/Amortization	-	-
23	Taxes	-	-
24	Total Admin & General	-	-
25	Total Electric Expenses	-	-
26	OPERATING INCOME BEFORE FIT	-	-
FEDERAL INCOME TAX			
27	Current Accrual	(4,505)	-
28	Debt Interest	-	(4)
29	Deferred Income Taxes	-	(1,472)
30	Amortized ITC - Nexon	-	-
31	NET OPERATING INCOME	\$4,505	\$1,476
RATE BASE			
PLANT IN SERVICE			
32	Intangible	\$0	\$0
33	Production	-	-
34	Transmission	-	-
35	Distribution	-	-
36	General	-	-
37	Total Plant in Service	-	-
ACCUMULATED DEPRECIATION/AMORT			
38	Intangible	-	-
39	Production	-	-
40	Transmission	-	-
41	Distribution	-	-
42	General	-	-
43	Total Accumulated Depreciation	-	-
44	NET PLANT	-	-
45	DEFERRED TAXES	-	736
46	Net Plant After DPIT	-	736
47	DEFERRED DEBITS AND CREDITS & OTHER	-	-
48	WORKING CAPITAL	-	-
49	TOTAL RATE BASE	\$0	\$736
50	RATE OF RETURN		Total
51	REVENUE REQUIREMENT	\$ (5,982)	\$ (1,887) \$ (7,869)

Approved ROR 7.50%
Revenue Conversion Factor with Tax Reform 75.313%

See Tab "2015 GRC Embedded Tax-Electric"

See Workpapers filed with Bench Request 9

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

Tax Reform Schedule 173 Revenue Requirement (1-Yr Amortization)

Line No.	DESCRIPTION	Tax Reform	Tax Reform	Tax Reform	Total
		Excess Tax FF Non-Plant Amort	Jan - Apr Deferral FIT/DFIT Exp	Jan - Apr Deferral ARAM Amort	
		S.03	S.04	S.05	
Adjustment Number		G-TCJA-3	G-TCJA-4	G-TCJA-5	
Workpaper Reference					
REVENUES					
1	Total General Business	\$ -	\$ -	\$ -	-
2	Total Transportation	-	-	-	-
3	Other Revenues	-	-	-	-
4	Total Gas Revenues	-	-	-	-
EXPENSES					
Production Expenses					
5	City Gate Purchases	-	-	-	-
6	Purchased Gas Expense	-	-	-	-
7	Net Nat Gas Storage Trans	-	-	-	-
8	Total Production	-	-	-	-
Underground Storage					
9	Operating Expenses	-	-	-	-
10	Depreciation/Amortization	-	-	-	-
11	Taxes	-	-	-	-
12	Total Underground Storage	-	-	-	-
Distribution					
13	Operating Expenses	-	-	-	-
14	Depreciation/Amortization	-	-	-	-
15	Taxes	-	-	-	-
16	Total Distribution	-	-	-	-
17	Customer Accounting	-	-	-	-
18	Customer Service & Information	-	-	-	-
19	Sales Expenses	-	-	-	-
Administrative & General					
20	Operating Expenses	-	-	-	-
21	Depreciation/Amortization	-	-	-	-
22	Regulatory Amortizations	-	-	-	-
23	Taxes	-	-	-	-
24	Total Admin & General	-	-	-	-
25	Total Gas Expense	-	-	-	-
26	OPERATING INCOME BEFORE FIT	-	-	-	-
FEDERAL INCOME TAX					
27	Current Accrual	-	(1,293)	-	-
28	Debt Interest	(6)	-	(1)	-
29	Deferred FIT	(93)	-	(304)	-
30	Amort FIT	-	-	-	-
31	NET OPERATING INCOME	\$ 937	\$ 1,293	\$ 305	-
RATE BASE					
PLANT IN SERVICE					
32	Underground Storage	\$ -	\$ -	\$ -	-
33	Distribution Plant	-	-	-	-
34	General Plant	-	-	-	-
35	Total Plant in Service	-	-	-	-
ACCUMULATED DEPRECIATION/AMORT					
36	Underground Storage	-	-	-	-
37	Distribution Plant	-	-	-	-
38	General Plant	-	-	-	-
39	Total Accumulated Depreciation/Amortization	-	-	-	-
40	NET PLANT	-	-	-	-
41	DEFERRED TAXES	-	-	152	-
42	Net Plant After DFIT	-	-	152	-
43	GAS INVENTORY	-	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-
45	OTHER	1,048	-	-	-
46	WORKING CAPITAL	-	-	-	-
47	TOTAL RATE BASE	\$ 1,048	\$ -	\$ 152	-
48	RATE OF RETURN				
49	REVENUE REQUIREMENT	\$ (1,140)	\$ (1,717)	\$ (389)	\$ (3,246)
Approved Rate of Return		7.50%	See Workpapers filed with Bench Request 9		
Revenue Generation Factor with Tax Reform		0.753293	See Tab "2015 GRC Embedded Tax-Gas" See Workpapers filed with Bench Request 9		

363 Flow through DFIT exclusion

Total