

AVISTA CORPORATION
Summary of Requested Rate Increase
Electric Service

Based on Rates Currently in Effect
Washington Jurisdiction
Filed February 4, 2014

a)

The date and amount of the latest prior general rate increase authorized by the Commission, and revenue realized from that authorized increase in the test period, based on the company's test period units of revenue.

Date	January 1, 2014
Amount (thousands)	\$ 14,038 (see Note 1)
Revenue realized (thousands)	\$ - (Test Year 7/1/12-6/30/13)

Note 1 - In Order No. 9 (Dockets UE-120436 & UG-120437), at para. 72, the Commission stated: "However, we make clear that the testimony and trending data offered in support of the proposed rate increase for 2014 are substantially less precise than we would require in a fully-litigated rate case. For this reason, we find that the 2014 rate increase should be instituted on a temporary basis such that, on January 1, 2015, Avista's rates would revert back to their 2013 levels, absent intervening Commission action. (emphasis added)

The Company is requesting an increase in electric base rates of \$18.2 million effective January 1, 2015 over and above existing 2014 base rates. The Company's Attrition Study demonstrates the need not only for the \$18.2 million electric request, but also assumes the continuation of the \$14.0 million electric rate increase that went into effective January 1, 2014 (i.e., the "temporary" rate increase).

b) **Total general business revenues at present rates and at requested rates.**

Present Rates (thousands)	\$ 480,926
Requested Rates (thousands)	\$ 499,127

c) **Requested revenue change in percentage, in total and by major customer class.**

	Base Tariff Revenue	Billed Revenue	* Net Change in Billed Revenue
Residential	3.8%	3.8%	5.6%
General Service (Small Commercial)	3.8%	3.7%	5.4%
Large General Service (Medium - Large Commercial / Industrial)	3.8%	3.7%	5.4%
Extra Large General Service (Large - Commercial / Industrial)	3.8%	3.8%	5.2%
Pumping Service	3.8%	3.8%	5.3%
Street & Area Lighting	3.8%	3.6%	5.4%
Other	N.A.	N.A.	N.A.
Overall	3.8%	3.8%	5.5%

* Includes Proposed REC Revenue Mechanism rebate and Expiration of ERM and BPA rebates effective January 1, 2015

d) **Requested revenue change in thousands of dollars, in total and by major customer class.**

Residential	\$ 7,844
General Service (Small Commercial)	\$ 2,500
Large General Service (Medium - Large Commercial / Industrial)	\$ 4,830
Extra Large General Service (Large - Commercial / Industrial)	\$ 2,358
Pumping Service	\$ 409
Street & Area Lighting	\$ 260
Other	\$ -
Total	\$ 18,201

e) Requested rate change in dollars per month, per average customer, by customer class.	Base Rates	Billing Rates
	Before Impact of Rebates	Including Impact of Rebates
Residential (965 kwhs)	\$ 3.41	\$ 4.89
General Service (Small Commercial)	\$ 7.10	\$ 10.25
Large General Service (Medium - Large Commercial / Industrial)	\$ 189.95	\$ 275.65
Extra Large General Service (Large - Commercial / Industrial)	\$ 9,355.18	\$ 13,042.42
Pumping Service	\$ 14.08	\$ 19.88
Requested rate change in dollars per month, per average residential customer.	Before Impact of Rebates	Including Impact of Rebates
Monthly impact at average usage of 600 kwhs per mo. (non-electric heat)	\$ 4.83	\$ 5.75
Monthly impact at average usage of 1000 kwhs per mo. (average)	\$ 3.26	\$ 4.79
Monthly impact at average usage of 1400 kwhs per mo. (electric heat)	\$ 1.58	\$ 3.73
f) Most current customer count by major customer class. (1)		
Residential	203,022	
General Service (Small Commercial)	29,592	
Large General Service (Medium - Large Commercial / Industrial)	1,993	
Extra Large General Service (Large - Commercial / Industrial)	20	
Pumping Service	2,423	
Total	237,050	
(1) June 30, 2013		
g) Current authorized overall rate of return and authorized rate of return on common equity.		
Overall rate of return	7.64%	
Rate of return on common equity	9.80%	
h) Requested overall rate of return and requested rate of return on common equity, and the method or methods used to calculate rate of return on common equity.		
Overall rate of return	7.71%	
Rate of return on common equity	10.10%	
The methodologies utilized in the derivation of the rate of return on common equity were discounted cash flow analysis, risk premium model analysis and capital asset pricing model analysis.		
i) Requested capital structure.		
Total Debt (including Short-Term)	51.00%	
Preferred Stock	0.00%	
Common Equity	49.00%	
Total	100.00%	
j) Requested total net operating income.		
Net operating income (thousands)	\$ 105,276	
k) Requested total rate base and method of calculation, or equivalent.		
Rate base (thousands)	\$ 1,365,444	
Method of calculation is average of monthly average basis.		
l) Requested revenue effect of attrition allowance, if any requested.		
Attrition allowance	\$ 19,581	