

**AVISTA CORPORATION**  
**Summary of Requested Rate Increase**  
**Natural Gas 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)	\$ 1,400 (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 natural gas base rates of \$12.1 million effective January 1, 2015 over and above existing 2014 base rates. The Company's Attrition Study demonstrates the need not only for the \$12.1 million request, but also assumes the continuation of the \$1.4 million natural gas rate increases that went into effective January 1, 2014 (i.e., the "temporary" rate increase).

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

Present Rates (thousands)	\$ 150,029
Requested Rates (thousands)	\$ 162,164

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

	Base Tariff Revenue	Billed Revenue
Residential and Small Commercial	8.7%	8.3%
Large General Service (Medium - Large Commercial / Industrial)	6.4%	6.1%
Extra Large General Service (Large - Commercial / Industrial)	5.2%	4.9%
Interruptible Service	3.8%	3.7%
Transportation Service	17.0%	17.0%
Overall	8.1%	7.8%

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

Residential and Small Commercial	\$ 9,360
Large General Service (Medium - Large Commercial / Industrial)	2,168
Extra Large General Service (Large - Commercial / Industrial)	195
Interruptible Service	28
Transportation Service	384
Other	0
Total	\$ 12,135

- e) **Requested rate change in dollars per month, per average customer, by customer class.**

	Base/Billing Rates
Residential and Small Commercial (65 therms)	\$ 5.23
Large General Service (Medium - Large Commercial / Industrial)	\$ 72.75
Extra Large General Service (Large - Commercial / Industrial)	\$ 578.92
Interruptible Service	\$ 1,164.25
Transportation Service	\$ 841.55

- f) **Most current customer count by major customer class. (1)**

Residential and Small Commercial	147,321
Large General Service (Medium - Large Commercial / Industrial)	2,476
Extra Large General Service (Large - Commercial / Industrial)	28
Interruptible Service	2
Transportation Service	45
Total	149,872

(1) December 31, 2011

<b>g) Current authorized overall rate of return and authorized rate of return on common equity.</b>	
Overall rate of return	7.64%
Rate of return on common equity	9.80%
<b>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.</b>	
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.	
<b>i) Requested capital structure.</b>	
Total Debt (including Short-Term)	51.00%
Preferred Stock	0.00%
Common Equity	49.00%
Total	100.00%
<b>j) Requested total net operating income.</b>	
Net operating income (thousands)	\$ 18,723
<b>k) Requested total rate base and method of calculation, or equivalent.</b>	
Rate base (thousands)	\$ 242,844
Method of calculation is average of monthly average basis.	
<b>l) Requested revenue effect of attrition allowance, if any requested.</b>	
Attrition allowance	\$ 5,208