

**ATTACHMENT B
TO
STAFF RESPONSE TO
BENCH REQUEST NO. 20**

REVISED

STAFF - 2016 ELECTRIC ATTRITION STUDY
 Edited from Avista Response to Staff Data Request No. 130
 Calculation of General Revenue Requirement
 Washington - Electric System
 Twelve Months Ended December 31, 2014
 (000's of Dollars)

Line No.	Description	(a) Attrition Balances	(b) Revenue Growth Factor	(c) Attrition Study Results
1	2016 Rate Base	\$1,316,034	1.013115	\$1,298,998
2	Settlement Rate of Return			7.29%
3	Net Operating Income Requirement			\$94,697
4	2016 Net Operating Income (at 2015 rates)	\$105,857	1.013115	\$104,486
5	2016 Rate of Return (at 2015 rates)			8.04%
6	2016 Net Operating Income Deficiency (Surplus)			[\$9,789] [Line 3 - Line 4]
7	Gross-up Conversion Factor			0.62018
8	2016 Attrition Revenue Deficiency (Surplus)			[\$15,784] Needs Power Supply Update
9	2016 Total General Business Revenues (at 2015 rates)			\$499,982 [CRM-2, pg. 4, col. H, Lines 1-2]
10	Attrition-based 2016 revenue requirement			\$484,198 [Line 8 + Line 9]
11	Percent Revenue Requirement Change (vs. 2015)			-3.157%
12	COMMISSION Pro Forma 2016 revenue requirement			\$463,534 [derived from Order 05 Table A1]
13	Attrition Allowance			\$20,664 [Line 10 - Line 12]

Multiparty Settlement - Cost of Capital

Washington - Electric System

Twelve Months Ended December 31, 2014

<u>Component</u>	<u>Capital Structure</u>	<u>Cost</u>	<u>Weighted Cost</u>
Total Debt	51.50%	5.20%	2.68%
Common	48.50%	9.50%	4.61%
Total	<u>100.00%</u>		<u>7.29%</u>

Revenue Conversion Factor
Washington - Electric System
Twelve Months Ended December 31, 2014

Line No.	Description	Factor
1	Revenues	<i>1.000000</i>
	Expense:	
2	Uncollectibles	0.005353
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038527
5	Total Expense	<u>0.045880</u>
6	Net Operating Income Before FIT	<i>0.954120</i>
7	Federal Income Tax @ 35%	<u>0.333942</u>
8	REVENUE CONVERSION FACTOR	<u><u>0.620180</u></u>

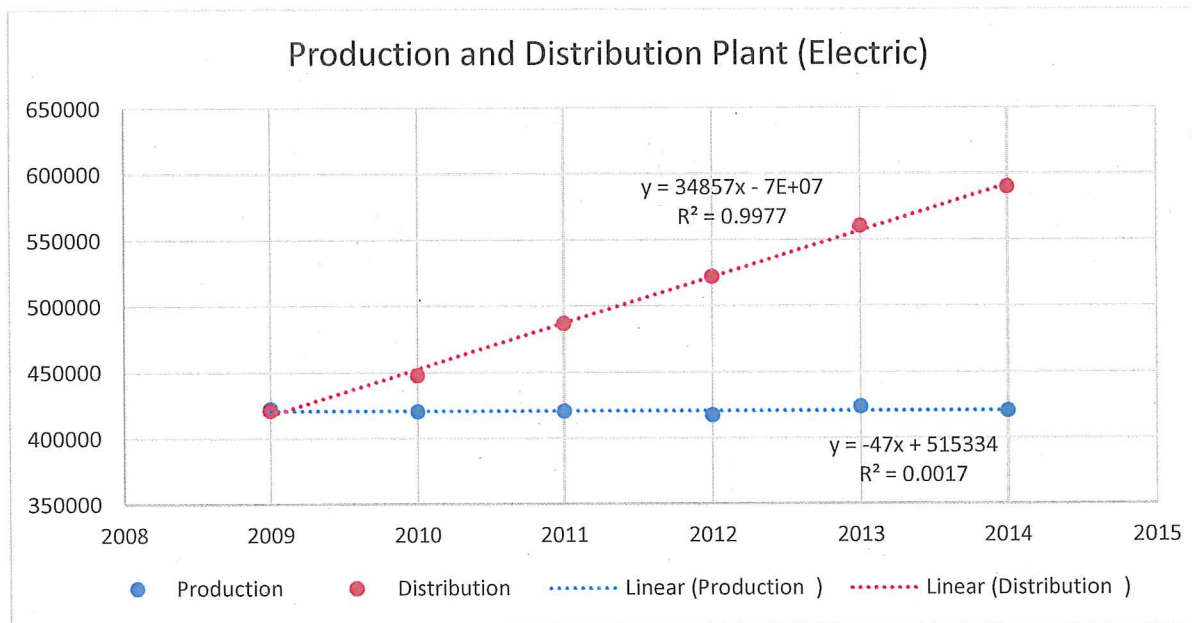
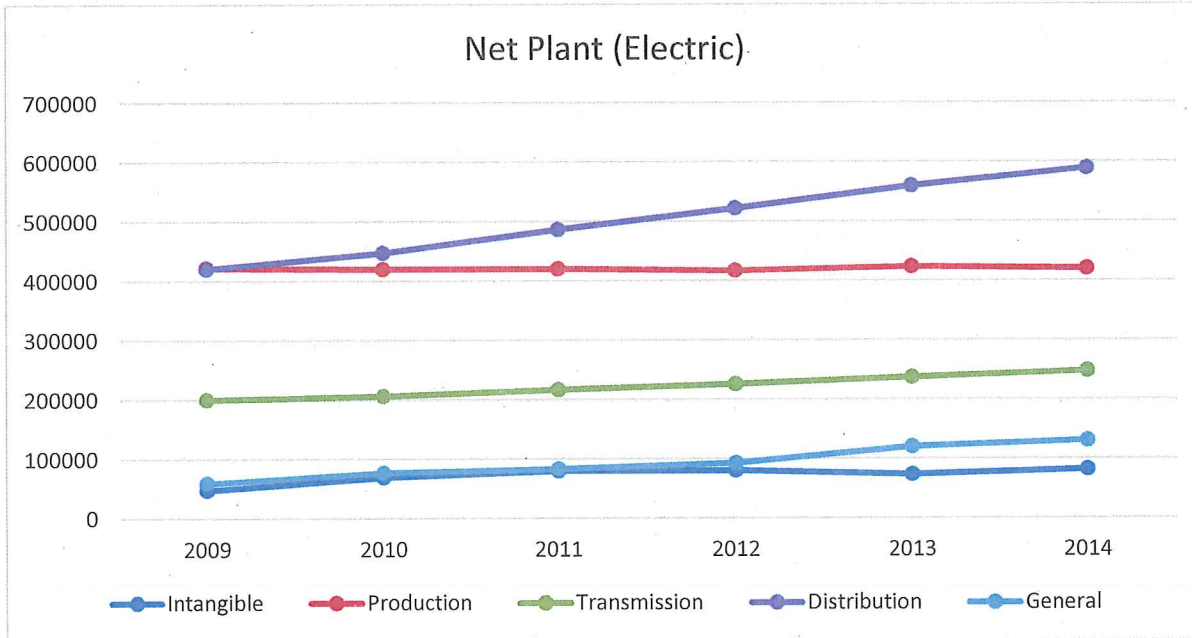
2016 ELECTRIC ATTRITION REVENUE REQUIREMENT

CBR Line Number	DESCRIPTION	Determine Base Cost and Revenue to Escalate				Escalate Non-Energy Cost				Other Cost & Revenue Adjs.				2016 Revenue and Cost [H]+[I]+[J]+[AA]+[PCOMP]-[K]
		12.2014 Commission Basis Report Restated Totals [A]	(less) 12.2014 Normalized Net Power Supply [B]	Deferred Debit/Credit & Reg. Amorts Adjs [C]	Pro Forma Revenue Normalization Adjustment [D]	December 2014 Escalation Base [E]	Escalation Factor [F]	Non-Energy Escalation Amount [G]	Trended 2016 Non-Energy Cost [E]+[G]+[H]	12.2014 Pro-Formed Net Energy Cost [I]	(plus) Revenue Growth [J]	After Attrition Adj - CS2/Colstrip Incremental O&M Exp [K]	After Attrition Adj - Project Compass [L]	
REVENUES														
1	Total General Business	\$ 488,372	\$ -	\$ -	\$ 10,688	\$ 499,060	1.31%	\$ 499,060	\$ 499,060	\$ 6,545	\$ 505,605	Column Cleared	\$ 505,605	
2	Interdepartmental Sales	\$ 922	\$ -	\$ -	\$ -	\$ 922	1.31%	\$ 922	\$ 922	\$ 12	\$ 934		\$ 934	
3	Sales for Resale	\$ 60,998	\$ (60,998)	\$ -	\$ -	\$ -		\$ -	\$ -	\$ (2,595)	\$ 51,162		\$ 51,162	
4	Subtotal: Sales of Electricity	\$ 550,292	\$ (60,998)	\$ -	\$ 10,688	\$ 499,982		\$ 499,982	\$ 499,982	\$ 3,962	\$ 557,701		\$ 557,701	
5	Other Revenue	\$ 17,163	\$ (13,684)	\$ -	\$ -	\$ 3,479	0.00%	\$ 3,479	\$ 3,479	\$ -	\$ 14,008		\$ 14,008	
6	Total Electric Revenue	\$ 567,455	\$ (74,682)	\$ -	\$ 10,688	\$ 503,461		\$ 503,461	\$ 64,286	\$ 3,962	\$ 571,709		\$ 571,709	
EXPENSES														
Production and Transmission														
7	Operating Expenses	\$ 120,307	\$ (69,476)	\$ -	\$ -	\$ 50,831	6.42%	\$ 3,263	\$ 54,094	\$ 89,306	\$ -	\$ 180	\$ 143,580	
8	Purchased Power	\$ 116,643	\$ (116,641)	\$ -	\$ -	\$ 2		\$ -	\$ 2	\$ 1,907	\$ 77,520		\$ 77,520	
9	Depreciation/Amortization	\$ 23,715	\$ -	\$ -	\$ -	\$ 23,715	9.55%	\$ 2,264	\$ 25,979	\$ -	\$ 25,979		\$ 25,979	
10	Regulatory Amortization	\$ 8,101	\$ (3,409)	\$ -	\$ -	\$ 4,692	0.00%	\$ -	\$ 4,692	\$ -	\$ 4,692		\$ 4,692	
11	Taxes	\$ 12,828	\$ -	\$ -	\$ -	\$ 12,828	11.96%	\$ 1,534	\$ 14,362	\$ -	\$ 14,362		\$ 14,362	
12	Subtotal: Production and	\$ 281,594	\$ (186,117)	\$ (3,409)	\$ -	\$ 92,068		\$ 7,062	\$ 99,130	\$ 164,917	\$ 1,907	\$ 180	\$ 266,134	
Distribution														
13	Operating Expenses	\$ 21,299	\$ -	\$ -	\$ -	\$ 21,299	6.42%	\$ 1,367	\$ 22,666	\$ -	\$ 22,666		\$ 22,666	
14	Depreciation/Amortization	\$ 23,794	\$ -	\$ -	\$ -	\$ 23,794	9.55%	\$ 2,272	\$ 26,066	\$ -	\$ 26,066		\$ 26,066	
15	Regulatory Amortizations	\$ 25,575	\$ -	\$ -	\$ 412	\$ 25,987	11.96%	\$ 3,108	\$ 29,095	\$ 252	\$ 29,347		\$ 29,347	
16	Taxes	\$ 70,668	\$ -	\$ -	\$ 412	\$ 71,080		\$ 6,748	\$ 77,828	\$ -	\$ 78,080		\$ 78,080	
17	Customer Accounting	\$ 11,166	\$ -	\$ -	\$ 57	\$ 11,223	6.42%	\$ 721	\$ 11,944	\$ 35	\$ 11,979		\$ 11,979	
18	Customer Service & Information	\$ 1,383	\$ -	\$ -	\$ -	\$ 1,383	6.42%	\$ 89	\$ 1,472	\$ -	\$ 1,472		\$ 1,472	
19	Sales Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	6.42%	\$ -	\$ -	\$ -	\$ -		\$ -	
Administrative & General														
20	Operating Expenses	\$ 46,210	\$ -	\$ -	\$ 21	\$ 46,231	6.42%	\$ 2,968	\$ 49,199	\$ 13	\$ 49,212		\$ 49,212	
21	Depreciation/Amortization	\$ 16,947	\$ -	\$ -	\$ -	\$ 16,947	9.55%	\$ 1,618	\$ 18,565	\$ -	\$ 18,565		\$ 18,565	
22	Taxes	\$ 63,157	\$ -	\$ -	\$ -	\$ 63,178	11.96%	\$ 4,586	\$ 67,764	\$ 13	\$ 67,777		\$ 67,777	
23	Subtotal: A&G	\$ 427,968	\$ (186,117)	\$ (3,409)	\$ 490	\$ 238,932		\$ 19,205	\$ 258,137	\$ 164,917	\$ 2,207	\$ 180	\$ 425,441	
24	Total Electric Expenses	\$ 139,487	\$ 111,435	\$ 3,409	\$ 10,198	\$ 264,529		\$ (19,205)	\$ 245,324	\$ (100,631)	\$ 1,755	\$ (180)	\$ 146,268	
25	OPERATING INCOME BEFORE FIT	\$ 139,487	\$ 111,435	\$ 3,409	\$ 10,198	\$ 264,529		\$ (19,205)	\$ 245,324	\$ (100,631)	\$ 1,755	\$ (180)	\$ 146,268	

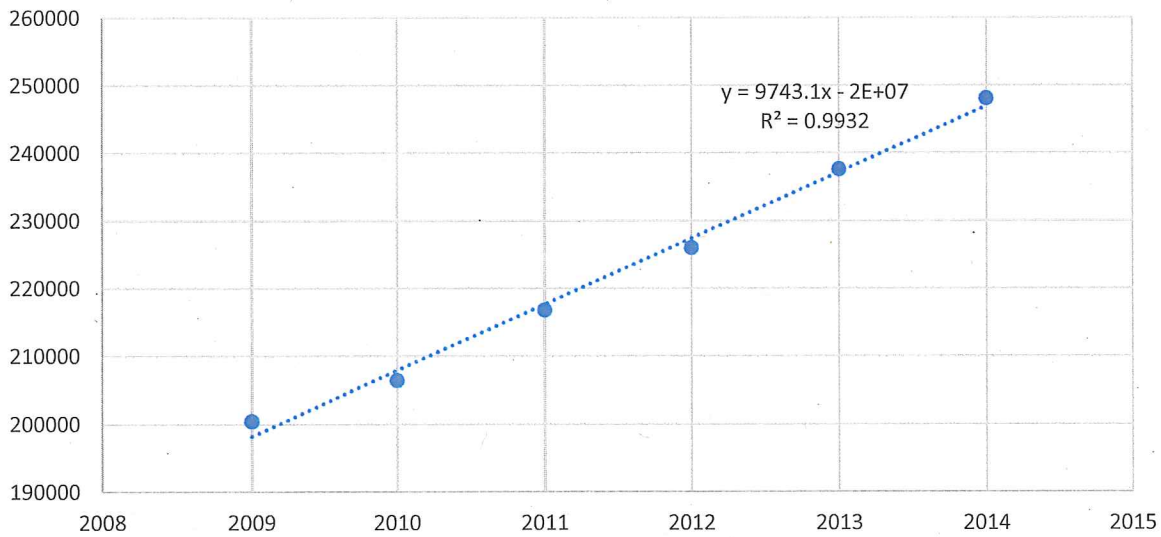
2016 ELECTRIC ATTRITION REVENUE REQUIREMENT

CBR Line Number	Determine Base Cost and Revenue to Escalate				Escalate Non-Energy Cost			Other Cost & Revenue Adj		After Attrition Adj - Project Compass	2016 Revenue and Cost [H]+[I]+[J]=[K]
	12.2014 Commission Basis Report Restated Totals [A]	(less) 12.2014 Normalized Net Power Supply [B]	Deferred Debit/Credit it & Reg. Amortis Adj [C]	Pro Forma Revenue Normalization Adjustment [D]	December 2014 Escalation Base [E]	Escalation Factor [F]	Non-Energy Cost Escalation Amount [G]	Trended 2016 Non-Energy Cost [E]+[G]=[H]	(plus) 12.2014 Pro-Formed Net Energy Cost [I]		
26	Federal Income Tax										
27	Current Accrual	\$ (7,683)	\$ 39,002	\$ 1,193	\$ 3,569	\$ 36,081	\$ (6,722)	\$ 29,359	\$ (35,221)	\$ 614	\$ (5,310)
28	Deferred Interest	\$ (136)	\$ -	\$ 60	\$ -	\$ (76)	\$ (159)	\$ (235)	\$ -	\$ -	\$ (235)
29	Deferred Income Taxes	\$ 46,085	\$ -	\$ -	\$ -	\$ 46,085	\$ -	\$ 46,085	\$ -	\$ -	\$ 46,085
30	Amortized ITC - Noxon	\$ (128)	\$ -	\$ -	\$ -	\$ (128)	\$ -	\$ (128)	\$ -	\$ -	\$ (128)
31	NET OPERATING INCOME	\$ 101,349	\$ 72,433	\$ 2,156	\$ 6,629	\$ 182,567	\$ (12,324)	\$ 170,243	\$ (65,410)	\$ 1,141	\$ 105,857
RATE BASE											
Plant in Service											
32	Intangible	\$ 102,620	\$ -	\$ -	\$ -	\$ 102,620	\$ 4,151	\$ 106,771	\$ -	\$ -	\$ 106,771
33	Production	\$ 746,101	\$ -	\$ -	\$ -	\$ 746,101	4.05%	\$ 30,180	\$ (819)	\$ -	\$ 776,281
34	Transmission	\$ 371,971	\$ -	\$ -	\$ -	\$ 371,971	4.05%	\$ 15,046	\$ (13,168)	\$ -	\$ 387,017
35	Distribution	\$ 842,795	\$ -	\$ -	\$ -	\$ 842,795	4.05%	\$ 34,092	\$ (5,011)	\$ -	\$ 876,887
36	General	\$ 196,867	\$ -	\$ -	\$ -	\$ 196,867	4.05%	\$ 7,963	\$ (10,223)	\$ -	\$ 204,830
37	Subtotal: Plant in Service	\$ 2,260,354	\$ -	\$ -	\$ -	\$ 2,260,354	4.05%	\$ 91,433	\$ (2,658)	\$ -	\$ 2,351,787
Accumulated Depreciation and Amortization											
38	Intangible	\$ (20,242)	\$ -	\$ -	\$ -	\$ (20,242)	4.05%	\$ (819)	\$ (21,061)	\$ -	\$ (21,061)
39	Production	\$ (325,531)	\$ -	\$ -	\$ -	\$ (325,531)	4.05%	\$ (13,168)	\$ (338,699)	\$ -	\$ (338,699)
40	Transmission	\$ (123,869)	\$ -	\$ -	\$ -	\$ (123,869)	4.05%	\$ (5,011)	\$ (128,880)	\$ -	\$ (128,880)
41	Distribution	\$ (252,722)	\$ -	\$ -	\$ -	\$ (252,722)	4.05%	\$ (10,223)	\$ (262,945)	\$ -	\$ (262,945)
42	General	\$ (65,720)	\$ -	\$ -	\$ -	\$ (65,720)	4.05%	\$ (2,658)	\$ (68,378)	\$ -	\$ (68,378)
43	Subtotal: Accumulated Depreciation and Amortization	\$ (788,084)	\$ -	\$ -	\$ -	\$ (788,084)		\$ (31,879)	\$ (819,963)	\$ -	\$ (819,963)
44	Net Plant	\$ 1,472,270	\$ -	\$ -	\$ -	\$ 1,472,270		\$ 59,554	\$ 1,531,824	\$ -	\$ 1,531,824
45	Deferred Taxes	(257,766)	\$ -	\$ -	\$ -	\$ (257,766)	4.05%	\$ (10,427)	\$ (268,193)	\$ -	\$ (268,193)
46	Net Plant After Deferred taxes	\$ 1,214,504	\$ -	\$ -	\$ -	\$ 1,214,504		\$ 49,127	\$ 1,263,631	\$ -	\$ 1,263,631
47	Deferred Debits and Credits	10,846	\$ (6,250)	\$ -	\$ -	\$ 4,596	0.00%	\$ -	\$ 4,596	\$ -	\$ 4,596
48	Working Capital	47,807	\$ -	\$ -	\$ -	\$ 47,807	0.00%	\$ -	\$ 47,807	\$ -	\$ 47,807
49	TOTAL RATE BASE	\$ 1,273,157	\$ -	\$ (6,250)	\$ -	\$ 1,266,907		\$ 49,127	\$ 1,316,034		\$ 1,316,034
50	RATE OF RETURN						7.96%				8.04%
ATTRITION ADJUSTED REVENUE REQUIREMENT											
50	Proposed Rate of Return						7.29%				7.29%
51	Return on Plant in Service at Proposed	\$ 92,813									\$ 95,939
52	Operating Income Deficiency	\$ (8,536)									\$ (9,918)
53	Revenue Conversion Factor	0.62018									\$ 0.62018
54	Revenue Requirement	\$ (13,764)									\$ (15,992)
55	Revenue Growth Factor										\$ 1.013115
56	Attrition Adjusted Revenue Requirement										\$ (15,785)

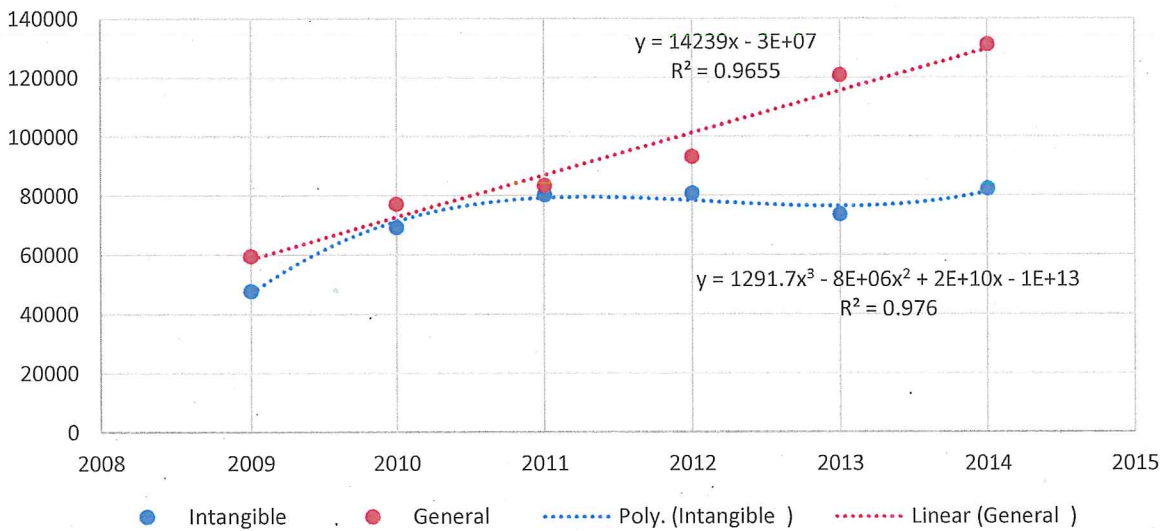
NET PLANT	2009	2010	2011	2012	2013	2014
Intangible	47814	69349	80337	80878	73799	82378
Production	422256	420349	420594	417278	423716	420570
Transmission	200441	206464	216868	226066	237633	248102
Distribution	420874	447550	486981	522324	560439	590073
General	59574	77177	83524	93233	120777	131147



Transmission Plant (Electric)



General and Intangible Plant (Electric)

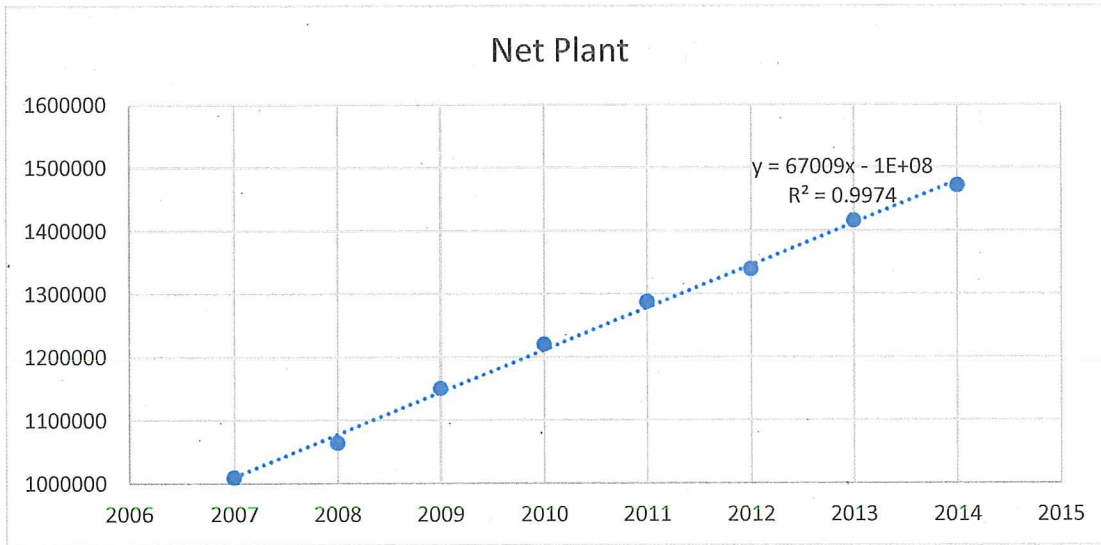


	2007	2008	2009	2010	2011	2012	2013	2014
Net Plant	1009868	1064749	1150959	1220889	1288304	1339779	1416364	1472270

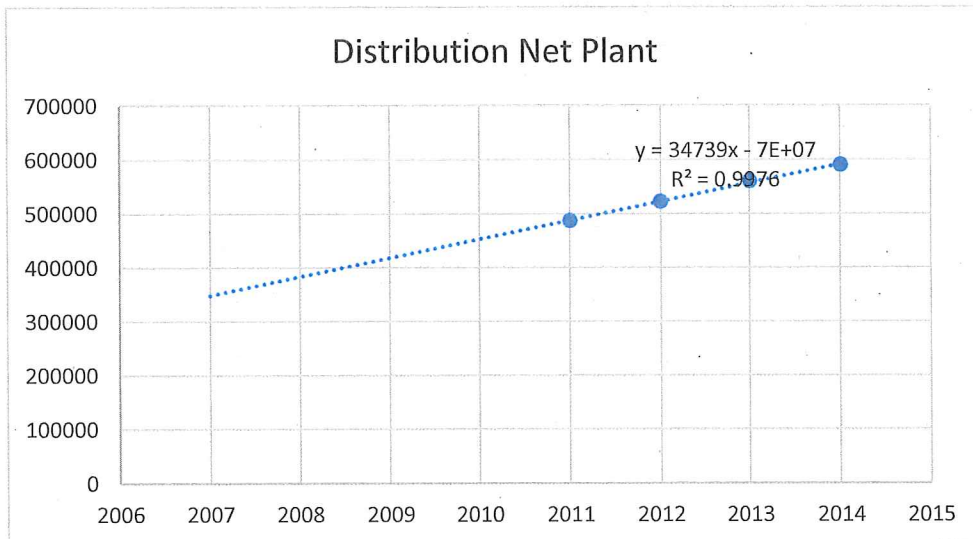
Net Plant (rate) 67009 (chart below)
 Net Plant after DFIT (rate) 51080 (from "Net Plant" tab)
 Ratio 0.7622857 (to adjust distribution Net Plant with an estimate for distribution DFIT)

Distribution Net Plant 34739 (second chart below)
 Dist Net Plant after DFIT 26481 (after estimated DFIT)

Adjusted Net Plant after DFIT 24599 (Total, after removal of distribution net plant after DFIT)

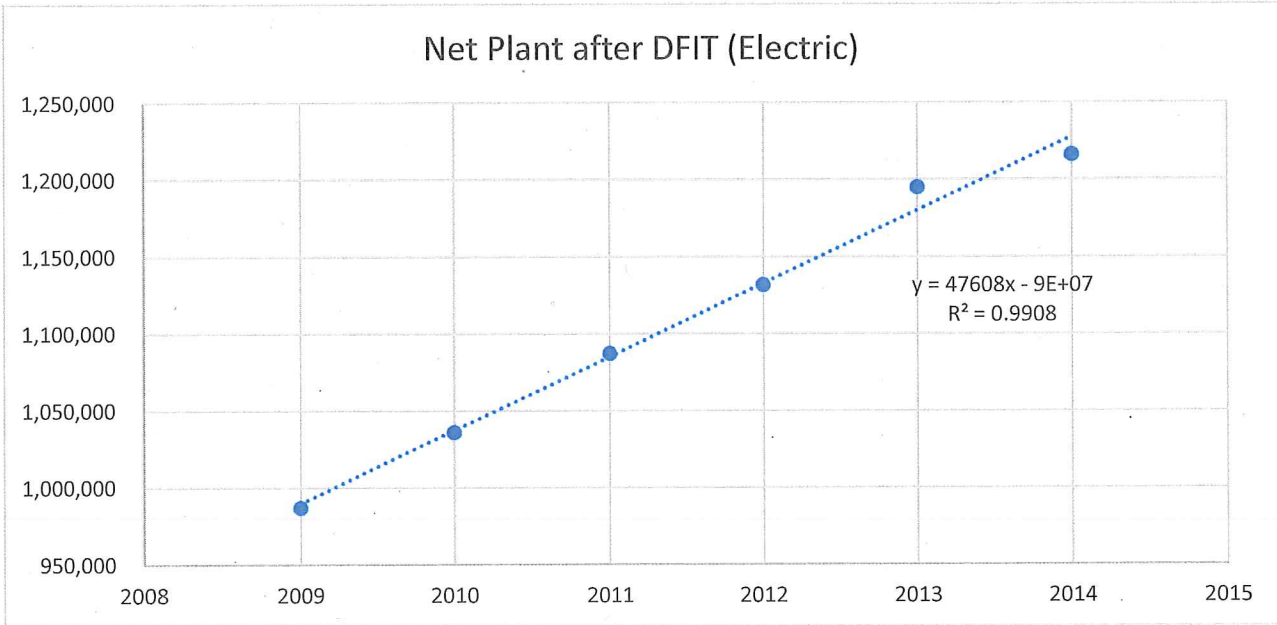


	2007	2008	2009	2010	2011	2012	2013	2014
Distribution Net Plant					486,981	522,324	560,439	590,073



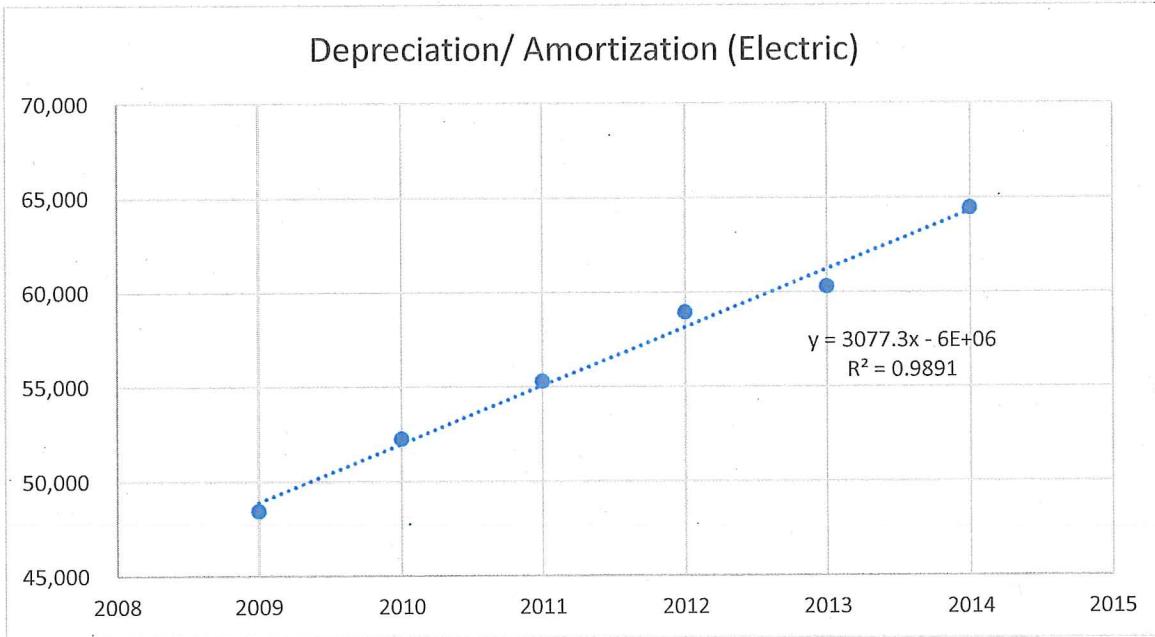
	2009	2010	2011	2012	2013	2014
Net Plant after DFIT	987,243	1,036,064	1,087,141	1,131,570	1,195,010	1,216,245

Annual Increase (slope below)	47,608			annual 000 rate	escalation
Rate (Annual)	3.91%		Order 05	24599	2.02%
Rate (2-year, to 2016)	7.83% (Escalation)			(from "remove dist" tab)	4.05%



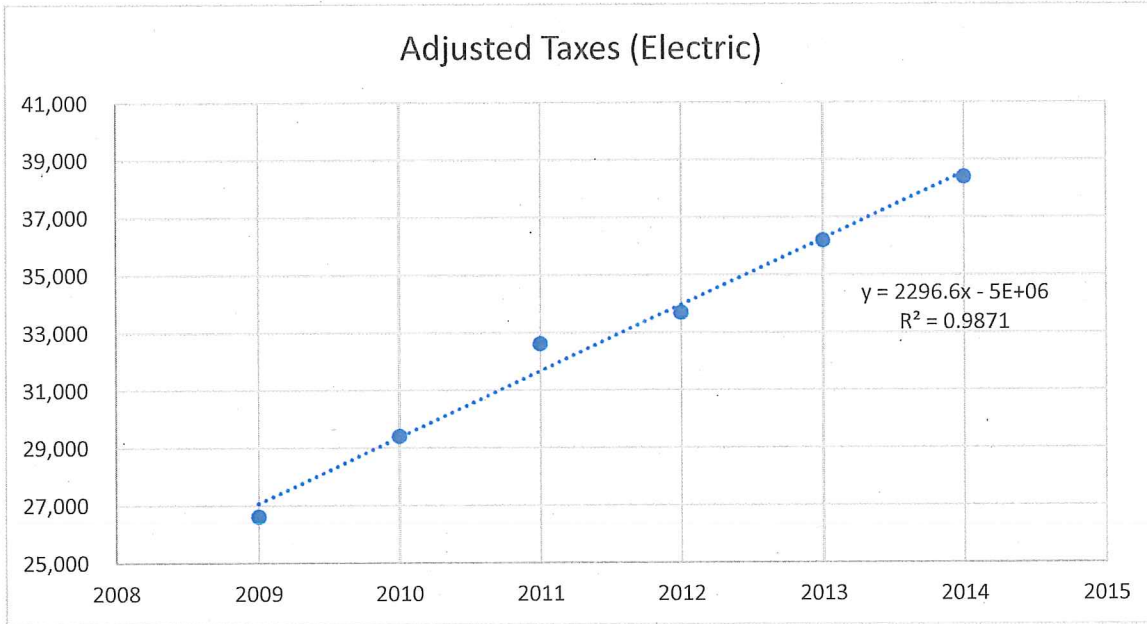
	2009	2010	2011	2012	2013	2014
Depreciation/ Amortization	48,466	52,270	55,304	58,946	60,308	64,456

Annual Increase (slope below) 3,077
 Rate (Annual) 4.77%
 Rate (2-year, to 2016) **9.55%** (Escalation Factor)



	2009	2010	2011	2012	2013	2014
Adjusted Taxes	26,617	29,412	32,614	33,701	36,201	38,403

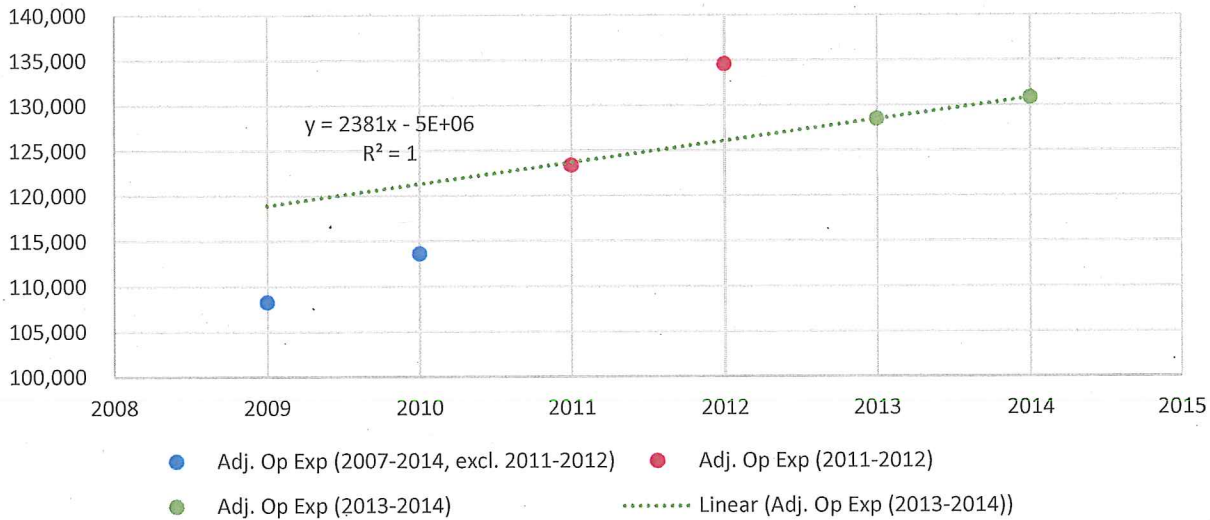
Annual Increase (slope below) 2,297
 Rate (Annual) 5.98%
 Rate (2-year, to 2016) **11.96%** (Escalation Factor)



	2009	2010	2011	2012	2013	2014
Adj. Op Exp (2007-2014, excl. 2011-2012)	108,289	113,650			128,510	130,891
Adj. Op Exp (2011-2012)			123,419	134,594		
Adj. Op Exp (2013-2014)					128,510	130,891

	Slope	Rate (1yr)	Escalation		rate	escalation
Rate (2013-2014, linear, slope below)	2,381.0	1.82%	3.64%			
Company-proposed (2007-2014, linear)	3,926.7	3.00%	6.00%	Order 05	3.21%	6.42%
Average		2.41%	4.82%			

Adjusted Operating Expenses (Electric)



ELECTRIC COST AND REVENUE TREND CALCULATIONS 2001-2013

Commission Basis Results of Operations

AVISTA UTILITIES
 Twelve Months Ended December 31, 2013

(000'S OF DOLLARS)

Line	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
NO. REVENUES														
1	\$258,201	\$273,318	\$283,318	\$285,399	\$289,216	\$321,929	\$326,335	\$365,425	\$402,618	\$415,740	\$451,837	\$459,266	\$468,006	\$488,372
2	528	791	752	752	713	733	739	820	872	790	820	816	884	922
3	91,388	29,918	35,232	40,460	44,718	35,380	34,954	46,848	31,491	133,479	52,604	54,549	75,349	60,998
4	350,117	304,027	319,360	326,611	334,647	358,042	362,028	413,093	434,981	550,009	505,261	514,631	544,239	530,292
5	14,305	34,274	57,244	8,587	10,259	10,178	10,170	10,927	9,395	11,786	13,666	13,089	13,408	17,163
6	364,422	338,301	376,604	335,198	344,906	368,220	372,198	424,020	444,376	561,795	518,927	527,720	557,647	567,455
EXPENSES														
Production and Transmission														
7	47,157	101,475	132,098	101,545	105,374	104,260	102,890	117,123	87,599	147,107	145,634	131,795	143,904	120,307
8	132,159	50,769	46,591	51,042	55,046	79,146	65,640	72,508	100,437	142,197	91,142	101,283	109,034	116,643
9	15,202	20,157	20,523	22,312	22,629	24,577	24,877	23,076	23,969	25,008	25,158	25,680	23,284	23,715
10	(6,050)	(6,349)	(5,608)	567	(8,817)	1,168	(3,082)	(1,076)	(1,703)	(2,879)	403	(7,744)	8,629	8,101
11	5,139	7,164	6,722	7,283	9,900	9,115	8,319	8,146	9,014	9,955	10,846	11,456	12,913	12,828
12	193,607	173,216	200,326	182,749	184,132	218,266	198,644	219,777	219,316	321,388	273,183	262,470	297,764	281,594
Distribution														
13	10,560	9,631	10,171	12,016	14,263	15,485	14,563	17,329	17,267	18,354	19,081	21,152	20,878	21,299
14	9,178	9,427	9,752	10,067	10,399	10,776	11,333	15,611	16,809	17,985	19,240	20,749	22,303	23,794
15	15,462	16,996	17,286	17,401	14,988	16,307	16,156	17,416	18,207	19,990	22,393	22,595	23,288	25,575
16	35,200	36,054	37,209	39,484	39,650	42,568	42,052	50,336	52,283	56,329	60,714	64,496	66,469	70,668
17	6,196	7,113	7,129	7,352	7,156	7,097	7,514	7,919	9,646	9,261	10,275	10,336	11,334	11,166
18	5,381	6,261	6,620	266	7,127	1,159	7,472	12,847	19,736	20,832	21,292	18,487	1,516	1,383
19	734	628	734	686	430	657	682	571	660	176	4	5	5	0
Administrative & General														
20	25,102	30,304	30,153	31,927	33,143	33,148	35,844	35,982	38,461	44,662	44,779	49,333	43,310	46,210
21	4,414	6,606	6,659	6,072	6,537	6,459	6,739	7,187	7,688	9,277	10,906	12,517	14,721	16,947
22	2	1	2	3	(4)	0	(9)	(3)	(3)	2	0	0	(4)	0
23	29,518	36,911	36,814	38,002	39,676	39,607	42,574	43,166	46,146	53,941	55,685	61,846	58,031	63,157
24	270,636	260,183	288,832	268,539	278,171	309,354	298,938	334,636	347,787	461,927	421,153	417,640	435,119	427,968
25	93,786	78,118	87,772	66,659	66,735	58,866	73,260	89,384	96,589	99,868	97,774	110,080	122,528	139,487
FEDERAL INCOME TAX														
26	7,803	12,532	18,199	10,603	6,760	3,584	5,070	(6,217)	(1,846)	9,263	6,569	11,499	19,267	(7,683)
27	0	0	0	0	0	0	0	0	0	0	207	70	1	(136)
28	16,107	3,470	1,284	608	3,867	3,975	6,497	26,634	23,983	13,823	16,402	15,684	10,613	46,085
29	0	0	0	0	0	0	0	0	0	(83)	(99)	(128)	(130)	(128)
30	5,369	0	0	0	0	0	0	0	0	0	0	0	0	0
31	\$64,507	\$62,116	\$68,289	\$55,448	\$56,108	\$51,307	\$61,693	\$68,967	\$74,510	\$76,865	\$74,695	\$82,954	\$92,777	\$101,349

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 2001-2013

Commission Basis Results of Operations

AVISTA UTILITIES
Twelve Months Ended December 31, 2013

Line	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
(000'S OF DOLLARS)														
No	RATE BASE													
PLANT IN SERVICE														
32	\$16,340	\$20,910	\$21,299	\$21,374	\$22,459	\$23,458	\$20,632	\$23,321	\$57,116	\$81,955	\$84,081	\$85,247	\$91,466	\$102,620
33	460,292	545,002	556,067	598,268	615,624	649,965	645,576	657,099	677,646	692,689	706,894	717,448	738,315	746,101
34	191,517	186,550	196,937	213,539	224,696	244,435	259,532	289,302	301,090	312,505	328,012	342,382	359,941	371,971
35	416,914	429,987	443,649	459,739	480,886	502,838	529,067	561,248	602,201	642,143	696,082	743,732	796,640	842,795
36	59,846	59,771	60,444	63,155	65,299	80,110	81,368	91,205	98,727	120,896	140,218	155,104	179,134	196,867
37	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	2,165,496	2,260,354
ACCUMULATED DEPRECIATION/AMORT														
38	na	na	na	na	na	na	na	na	na	na	3,744	4,369	17,667	20,242
39	na	na	na	na	na	na	na	na	na	na	286,300	300,170	314,599	325,531
40	na	na	na	na	na	na	na	na	na	na	111,144	116,316	122,308	123,869
41	na	na	na	na	na	na	na	na	na	na	209,101	221,408	236,201	252,722
42	na	na	na	na	na	na	na	na	na	na	56,694	61,871	58,357	65,720
43	373,090	391,351	422,390	447,359	474,906	506,599	526,307	557,426	585,821	629,399	666,983	704,134	749,132	788,084
44	771,819	850,869	856,006	908,716	934,038	994,207	1,009,868	1,064,749	1,150,959	1,220,889	1,288,304	1,339,779	1,416,364	1,472,270
45	(109,541)	(111,367)	(135,404)	(150,960)	(134,967)	(138,495)	(139,033)	(147,502)	(163,716)	(184,825)	(201,163)	(208,209)	(221,354)	(257,766)
46	662,278	739,502	720,602	757,756	799,091	855,712	870,835	917,247	987,243	1,036,064	1,087,141	1,131,570	1,195,010	1,214,504
47	(64,763)	22,356	21,841	20,255	20,751	18,799	21,020	19,593	17,776	17,776	18,845	16,438	14,761	10,846
48	0	0	0	0	0	0	0	0	0	18,188	31,877	10,967	16,281	47,807
49	\$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	\$1,138,975	\$1,226,052	\$1,273,137
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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 2001-2013

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

Electric Data for Escalators

Line No.	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Exclude Power Supply and Adder Schedule Expenses (DSM Tariff Rider and Residential Exchange Credit) from O&M														
1	Production/Transmission	47,157	101,475	132,098	101,545	104,260	102,890	117,123	87,599	147,107	145,634	131,795	143,904	120,307
2	Purchased Power	132,159	50,769	46,591	51,042	79,146	65,640	72,508	100,437	142,197	91,142	101,283	109,034	116,643
3	Distribution	10,560	7,113	10,171	12,016	14,263	14,563	17,329	17,267	18,354	19,081	21,152	20,878	21,299
4	Customer Accounting	6,196	7,113	7,129	7,352	7,156	7,097	7,514	9,646	9,261	10,275	10,336	11,334	11,166
5	Customer Service and Information	5,381	6,261	6,620	266	7,127	1,159	7,472	19,736	20,832	21,292	18,487	1,516	1,383
6	Sales	734	628	734	686	430	657	571	660	176	4	5	5	0
7	Administrative and General	25,102	30,304	30,153	31,927	33,148	35,844	35,982	38,461	44,662	44,779	49,333	43,310	46,210
8	Total Operating & Maintenance Expenses	227,289	206,181	233,496	204,834	222,539	234,605	264,279	273,806	382,589	332,207	332,391	329,981	317,008
9	Deduct Power Supply Expenses	(156,185)	(124,379)	(154,282)	(122,799)	(133,120)	(135,719)	(152,984)	(146,538)	(249,369)	(188,583)	(180,834)	(201,471)	(186,117)
10	Deduct DSM Tariff Rider Expenses	(5,113)	(6,111)	(6,177)	0	(6,632)	0	(6,711)	(19,005)	(19,612)	(20,235)	(17,018)	0	0
11	Deduct Res X Credit Expenses	11	58	49	0	62	0	37	27	41	31	55	0	0
12	Adjusted Operating Expenses	66,002	75,749	73,086	82,035	88,828	92,212	99,146	108,289	113,650	123,419	134,594	128,510	130,891
		-10.92%	14.77%	-3.52%	12.25%	0.97%	7.24%	3.81%	7.52%	4.95%	8.60%	9.06%	-4.52%	1.85%
Depreciation/Amortization														
13	Production/Transmission	15,202	20,157	20,523	22,312	22,629	24,577	24,877	23,969	25,008	25,158	25,680	23,284	23,715
14	Distribution	9,178	9,427	9,752	10,067	10,399	10,776	11,333	16,809	17,985	19,240	20,749	22,303	23,794
15	Administrative and General	4,414	6,606	6,659	6,072	6,537	6,459	7,187	7,688	9,277	10,906	12,517	14,721	16,947
16	Total Depreciation/Amortization	28,794	36,190	36,934	38,451	39,565	41,812	42,949	48,466	52,270	55,304	58,946	60,308	64,456
		3.19%	25.69%	2.06%	4.11%	2.90%	5.68%	2.72%	6.81%	7.85%	5.80%	6.59%	2.31%	6.88%
Exclude Adder Schedule amortizations (Residential Exchange Credit) from Regulatory Amortizations														
17	Regulatory Amortizations	(6,050)	(6,349)	(5,608)	567	(8,817)	1,168	(3,082)	(1,703)	(2,879)	403	(7,744)	8,629	8,101
18	Deduct Res X Credit amortization	1,416	7,512	6,339	0	9,388	0	5,582	4,005	6,244	4,610	8,327	0	0
19	Adjusted Regulatory Amortizations	(4,634)	1,163	731	567	571	1,168	2,500	2,302	3,365	5,013	583	8,629	8,101
Exclude Adder Schedule excise taxes (DSM Tariff Rider and Residential Exchange Credit) from Taxes Other Than Income Tax														
20	Production/Transmission	5,139	7,164	6,722	7,283	9,900	9,115	8,319	9,955	10,846	11,456	12,913	12,828	12,828
21	Distribution	15,462	16,996	17,286	17,401	14,988	16,307	16,156	18,207	19,990	22,393	22,595	23,288	25,575
22	Administrative and General	2	1	2	3	(4)	(9)	(3)	(3)	2	0	(4)	0	0
23	Total Taxes Other Than Income Tax	20,603	24,161	24,010	24,687	24,884	25,422	24,466	27,218	29,947	33,239	34,047	36,201	38,403
24	Deduct DSM Tariff Rider Excise Tax	(205)	(245)	(248)	0	(267)	0	(488)	(762)	(787)	(812)	(683)	0	0
25	Deduct Res X Credit Excise Tax	57	303	256	379	379	225	144	162	252	186	336	0	0
26	Adjusted Taxes Other Than Income Tax	20,455	24,219	24,018	24,687	24,996	25,422	24,422	26,617	29,412	32,614	33,701	36,201	38,403
		-5.20%	18.40%	-0.83%	2.78%	1.25%	1.70%	-3.93%	5.56%	10.50%	10.88%	3.33%	7.42%	6.08%
27	Net Plant After Deferred Income Tax	662,278	739,502	720,602	757,756	799,091	855,712	917,247	987,243	1,036,064	1,087,141	1,131,570	1,195,010	1,214,504
		2.02%	11.66%	-2.56%	5.16%	5.45%	7.09%	5.33%	7.65%	4.93%	4.93%	4.09%	5.61%	1.63%
28	Total Rate Base	597,515	761,858	742,443	778,011	819,842	874,511	936,840	1,005,019	1,072,028	1,137,863	1,158,975	1,226,052	1,273,157
		5.11%	27.50%	-2.55%	4.79%	5.38%	6.67%	5.04%	7.28%	6.67%	6.14%	1.86%	5.79%	3.84%
Exclude Power Supply and Transmission Wheeling from Other Operating Revenue														
29	Other Operating Revenue	14,305	34,274	57,244	8,587	10,259	10,178	10,927	9,395	11,786	13,666	13,089	13,408	17,163
30	Deduct Power Supply Other Revenue	(2,251)	(25,293)	(47,139)	(285)	(179)	(198)	(1,839)	(448)	(640)	(1,732)	(1,489)	(282)	(3,062)
31	Deduct Transmission Other Revenue	(9,892)	(7,115)	(7,569)	(5,223)	(6,637)	(7,024)	(6,876)	(6,133)	(8,333)	(9,102)	(8,285)	(9,662)	(10,622)
32	Adjusted Other Revenue	2,162	1,866	2,536	2,779	3,443	2,956	2,875	2,814	2,814	2,814	3,315	3,464	3,478
		23.52%	-13.69%	35.91%	9.58%	23.89%	-14.14%	-6.44%	-2.13%	-0.02%	-0.03%	17.86%	4.50%	0.41%

ELECTRIC COST AND REVENUE TREND CALCULATIONS 2001-2013

**AVISTA UTILITIES
WASHINGTON ELECTRIC RESULTS
ANNUAL AND COMPOUND GROWTH RATES**

		Electric Growth Rate Analysis and Escalation Factor Calculation												
		2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Line No.	Annual Growth Rates													
1	Adjusted Operating Expenses	14.77%	-3.52%	12.25%	0.97%	7.24%	3.81%	7.52%	9.22%	4.95%	8.60%	9.06%	-4.52%	1.85%
2	Total Depreciation/Amortization	25.69%	2.06%	4.11%	2.90%	5.68%	2.72%	6.81%	5.65%	7.85%	5.80%	6.59%	2.31%	6.88%
3	Adjusted Taxes Other than Income	18.40%	-0.83%	2.78%	1.25%	1.70%	-3.93%	3.25%	5.56%	10.50%	10.88%	3.33%	7.42%	6.08%
4	Net Plant After Deferred Income Taxes	11.66%	-2.56%	5.16%	5.45%	7.09%	1.77%	5.33%	7.63%	4.95%	4.93%	4.09%	5.61%	1.63%
5	Total Rate Base	27.50%	-2.55%	4.79%	5.38%	6.67%	1.98%	5.04%	7.28%	6.67%	6.14%	1.86%	5.79%	3.84%
6	Adjusted Other Revenue	-13.69%	35.91%	9.58%	23.89%	-14.14%	3.96%	-6.44%	-2.13%	-0.02%	-0.03%	17.86%	4.50%	0.41%
Compound Growth Rates to 2014														
7	Adjusted Operating Expenses	5.41%	4.66%	5.44%	4.78%	5.22%	4.97%	5.13%	4.74%	3.86%	3.59%	1.98%	-1.39%	1.85%
7A	Avista-Proposed Operating Expenses							3.00%						
8	Total Depreciation/Amortization	6.39%	4.93%	5.19%	5.30%	5.57%	5.56%	5.97%	5.83%	5.87%	5.38%	5.24%	4.57%	6.88%
9	Adjusted Taxes Other than Income	4.96%	3.92%	4.36%	4.52%	4.89%	5.29%	6.68%	7.26%	7.61%	6.90%	5.60%	6.75%	6.08%
10	Net Plant After Deferred Income Taxes	4.78%	4.22%	4.86%	4.83%	4.76%	4.47%	4.87%	4.79%	4.23%	4.05%	3.76%	3.60%	1.63%
11	Rate base	5.99%	4.37%	5.02%	5.05%	5.01%	4.81%	5.22%	5.25%	4.84%	4.39%	3.82%	4.81%	3.84%
12	Adjusted Other Revenue	3.73%	5.33%	2.91%	2.27%	0.11%	2.05%	1.79%	3.23%	4.33%	5.45%	7.34%	2.44%	0.41%
Linear 2-year Growth Rate														
13	Adjusted Operating Expenses	10.82%	9.33%	10.88%	9.57%	10.43%	9.93%	10.26%	9.48%	7.73%	7.19%	3.96%	-2.77%	3.71%
13A	Adjusted Operating Expenses (Avista)							6.00%						
14	Adjusted Depreciation/Amortization	12.79%	9.86%	10.39%	10.60%	11.14%	11.12%	11.94%	11.66%	11.74%	10.76%	10.47%	9.14%	13.76%
15	Adjusted Taxes Other than Income	9.93%	7.83%	8.72%	9.04%	9.77%	10.58%	13.36%	14.53%	15.21%	13.79%	11.20%	13.50%	12.17%
16	Net Plant After Deferred Income Taxes	9.55%	8.44%	9.72%	9.66%	9.52%	8.95%	9.73%	9.58%	8.46%	8.11%	7.52%	7.20%	3.26%
17	Rate base	11.98%	8.74%	10.05%	10.10%	10.02%	9.61%	10.43%	10.49%	9.69%	8.78%	7.63%	9.62%	7.68%
18	Adjusted Other Revenue	7.59%	10.94%	5.91%	4.59%	0.23%	4.15%	3.60%	6.55%	8.85%	11.19%	15.22%	4.93%	0.82%

Avista Corporation
 WA Power Supply Pro Forma Net Cost
 Rate Case Power Supply Adjustment Pro Forma - 09.2014 Historical Loads

	2016 PF REVISED		Staff DR 59
	Power Supply System	Total Washington Amounts	
P/T Allocation Percentages		64.71%	
447 Sales for Resale	\$83,074	\$53,757	
453 Sales of Water and Water Power	466	302	
454 Misc Rents	0	0	
456 Transmission Wheeling Revenue System	15,650	10,127	No Change
456 Transmission Wheeling Revenue Direct WA	100	100	to PF
456 Transmission Wheeling Revenue Direct ID	51	0	Transmission
456 Other Electric Revenue	0	0	
456 Other Electric Revenue-Direct WA	0	0	
Total Revenue	99,341	64,286	
501 Thermal Fuel Expense	29,696	19,216	
546 Other Power Gen Supvsn & Eng	0	0	
547 Other Fuel Expense	92,175	59,646	
536 Water for Power	1,001	648	
555 Purchased Power	116,846	75,611	
549 Misc Other Gen Expense	0	0	
550 Rents	0	0	
556 System Control & Dispatch	0	0	
557 Other Expenses	690	446	
XXX Other Expenses-Direct WA	0	-1,528	Agreed to Reduction \$1528 per Settlement agreement
565 Trans. of Elec. by Others	16,809	10,877	
546-562 CS2 O&M	0	0	Remove from base Power Supply per settlement agreement.
500-514 Colstrip O&M	0	0	Remove from base Power Supply per settlement agreement.
Total Expense	257,217	164,917	
Net Income Before Income Taxes	-157,876	-100,631	
Federal Income Tax	35%	-35,221	
Net Income		-\$65,410	
546-562 CS2 O&M	9,335	6,041	Remove from base Power Supply per settlement agreement.
500-514 Colstrip O&M	15,005	9,710	Remove from base Power Supply per settlement agreement.

Avista Corporation
 WA Power Supply Pro Forma Net Cost
 Rate Case Power Supply Adjustment Pro Forma - 2016 Forecast Loads

	Updated PF Power Supply System	Total Washington Amounts	Included same change as DR 59 to Original Filing
P/T Allocation Percentages		64.71%	
447 Sales for Resale	\$79,064	\$51,162	
453 Sales of Water and Water Power	466	302	
454 Misc Rents	0	0	
456 Transmission Wheeling Revenue System	15,650	10,127	
456 Transmission Wheeling Revenue Direct WA	100	100	
456 Transmission Wheeling Revenue Direct ID	51	0	
456 Other Electric Revenue	0	0	
456 Other Electric Revenue-Direct WA	0	0	
Total Revenue	95,331	61,691	
501 Thermal Fuel Expense	29,696	19,217	
546 Other Power Gen Supvsn & Eng	0	0	
547 Other Fuel Expense	92,175	59,646	
536 Water for Power	1,001	648	
555 Purchased Power	119,794	77,518	
549 Misc Other Gen Expense	0	0	
550 Rents	0	0	
556 System Control & Dispatch	0	0	
557 Other Expenses	690	446	
xxx Other Expenses-Direct WA	0	-1,528	Agreed to Reduction \$1528 per Settlement agreement
565 Trans. of Elec. by Others	16,809	10,877	
546-562 CS2 O&M	0	0	Remove from base Power Supply per settlement agreement.
500-514 Colstrip O&M	0	0	Remove from base Power Supply per settlement agreement.
Total Expense	260,165	166,825	
Net Income Before Income Taxes	-164,834	-105,134	
Federal Income Tax	35%	-36,797	
Net Income		-\$68,337	
546-562 CS2 O&M	9,335	6,041	Remove from base Power Supply per settlement agreement.
500-514 Colstrip O&M	15,005	9,710	Remove from base Power Supply per settlement agreement.

**ATTRITION ADJUSTMENT RELATED TO RETAIL REVENUE GROWTH AND
ASSOCIATED POWER SUPPLY COST**
(000'S OF DOLLARS)

Line No.	DESCRIPTION	(Note 1)	Revenue Growth and Power Supply Cost	Power Supply Test Year Load	Power Supply Rate Year Load	Incremental Power Supply Cost	Retail Revenue Growth
REVENUES							
1	Total General Business		6,545				6,545
2	Interdepartmental Sales		12				12
3	Sales for Resale		-2,595			-2,595	
4	Total Sales of Electricity		3,962	53,757	51,162	-2,595	6,557
5	Other Revenue		0	10,529	10,529	0	0
6	Total Electric Revenue		3,962	64,286	61,691	-2,595	6,557
EXPENSES							
Production and Transmission							
7	Operating Expenses		0	89,306	89,306	0	
8	Purchased Power		1,907	75,611	77,518	1,907	
9	Depreciation/Amortization						
10	Regulatory Amortization						
11	Taxes						
12	Total Production & Transmission		1,907	164,917	166,824	1,907	0
Distribution							
13	Operating Expenses						
14	Depreciation/Amortization		252				252
15	Taxes	0.038527	252				252
16	Total Distribution		504	0	0	0	504
17	Customer Accounting	0.005353	35				35
18	Customer Service & Information						
19	Sales Expenses						
Administrative & General							
20	Operating Expenses	0.002000	13				13
21	Depreciation/Amortization						
22	Taxes						
23	Total Admin. & General		13	0	0	0	13
24	Total Electric Expenses		2,207	164,917	166,824	1,907	300
25	OPERATING INCOME BEFORE FIT		1,755	-100,631	-105,133	-4,502	6,257
FEDERAL INCOME TAX							
26	Current Accrual		614	-35,221	-36,797	-1,576	2,190
27	Debt Interest						
28	Deferred Income Taxes						
29	Amortized ITC - Noxon						
30	NET OPERATING INCOME		1,141	-65,410	-68,336	-2,926	4,067

Note 1: 09.2014 Washington electric revenue conversion factor amounts.