

Exh. EMA-3

WUTC DOCKET: 190334
EXHIBIT: EMA-3
ADMIT W/D REJECT

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-19 _____

DOCKET NO. UG-19 _____

EXH. EMA-3

ELIZABETH M. ANDREWS

REPRESENTING AVISTA CORPORATION

AVISTA UTILITIES
WASHINGTON NATURAL GAS
TWELVE MONTHS ENDED DECEMBER 31, 2018
(000'S OF DOLLARS)

| | | April 1, 2020 | | | | |
|-----------------------------|----------------------------------|---------------------------|-------------------|------------------------|---------------------------------|---------------------------|
| | | WITH PRESENT RATES | | | WITH 04.01.2020 PROPOSED RATES | |
| Line No. | DESCRIPTION | Actual Per Results Report | Total Adjustments | 04.2020 Adjusted Total | Proposed Revenues & Related Exp | 04.01.2020 Proposed Total |
| | <i>a</i> | <i>b</i> | <i>c</i> | <i>d</i> | <i>e</i> | <i>f</i> |
| REVENUES | | | | | | |
| 1 | Total General Business | \$140,625 | \$ (51,873) | \$88,752 | \$12,935 | \$101,687 |
| 2 | Total Transportation | 5,088 | (133) | 4,955 | | 4,955 |
| 3 | Other Revenues | 50,681 | (50,348) | 333 | | 333 |
| 4 | Total Gas Revenues | 196,394 | (102,354) | 94,040 | 12,935 | 106,975 |
| EXPENSES | | | | | | |
| Production Expenses | | | | | | |
| 5 | City Gate Purchases | 90,669 | (90,669) | - | | - |
| 6 | Purchased Gas Expense | 955 | 44 | 999 | | 999 |
| 7 | Net Nat Gas Storage Trans | (292) | 292 | - | | - |
| 8 | Total Production | 91,332 | (90,333) | 999 | - | 999 |
| Underground Storage | | | | | | |
| 9 | Operating Expenses | 1,532 | - | 1,532 | | 1,532 |
| 10 | Depreciation | 627 | (201) | 426 | | 426 |
| 11 | Taxes | 302 | (49) | 253 | | 253 |
| 12 | Total Underground Storage | 2,461 | (250) | 2,211 | - | 2,211 |
| Distribution | | | | | | |
| 13 | Operating Expenses | 12,316 | 682 | 12,998 | | 12,998 |
| 14 | Depreciation | 11,642 | 170 | 11,812 | | 11,812 |
| 15 | Taxes | 14,128 | (6,453) | 7,675 | 496 | 8,171 |
| 16 | Total Distribution | 38,086 | (5,601) | 32,485 | 496 | 32,981 |
| 17 | Customer Accounting | 7,234 | (137) | 7,097 | 49 | 7,146 |
| 18 | Customer Service & Information | 8,093 | (6,834) | 1,259 | | 1,259 |
| 19 | Sales Expenses | - | - | - | | - |
| Administrative & General | | | | | | |
| 20 | Operating Expenses | 15,045 | 586 | 15,631 | 26 | 15,657 |
| 21 | Depreciation/Amortization | 8,492 | 1,692 | 10,184 | | 10,184 |
| 22 | Regulatory Amortizations | (1,559) | 3,664 | 2,105 | | 2,105 |
| 23 | Taxes | - | - | - | | - |
| 24 | Total Admin. & General | 21,978 | 5,942 | 27,920 | 26 | 27,946 |
| 25 | Total Gas Expense | 169,184 | (97,213) | 71,971 | 571 | 72,542 |
| 26 | OPERATING INCOME BEFORE FIT | 27,210 | (5,141) | 22,069 | 12,364 | 34,433 |
| FEDERAL INCOME TAX | | | | | | |
| 27 | Current Accrual | 2,557 | (831) | 1,726 | 2,596 | 4,322 |
| 28 | Debt Interest | - | (272) | (272) | - | (272) |
| 29 | Deferred FIT | 54 | 339 | 393 | | 393 |
| 30 | Amort ITC | (15) | - | (15) | | (15) |
| 31 | NET OPERATING INCOME | 24,614 | (4,378) | 20,236 | 9,768 | 30,004 |
| RATE BASE: PLANT IN SERVICE | | | | | | |
| 32 | Underground Storage | 28,442 | 600 | 29,042 | | 29,042 |
| 33 | Distribution Plant | 462,636 | 31,960 | 494,596 | | 494,596 |
| 34 | General Plant | 114,053 | 24,861 | 138,914 | | 138,914 |
| 35 | Total Plant in Service | 605,131 | 57,421 | 662,552 | - | 662,552 |
| ACCUMULATED DEPREC/AMORT | | | | | | |
| 36 | Underground Storage | (11,051) | (431) | (11,482) | | (11,482) |
| 37 | Distribution Plant | (145,402) | (2,931) | (148,333) | | (148,333) |
| 38 | General Plant | (32,354) | (2,835) | (35,189) | | (35,189) |
| 39 | Total Accum. Depreciation/Amort. | (188,807) | (6,197) | (195,004) | - | (195,004) |
| 40 | NET PLANT | 416,324 | 51,224 | 467,548 | - | 467,548 |
| 41 | DEFERRED FIT | (88,908) | (980) | (89,888) | | (89,888) |
| 42 | Net Plant After DFIT | 327,416 | 50,244 | 377,660 | - | 377,660 |
| 43 | GAS INVENTORY | 8,355 | - | 8,355 | | 8,355 |
| 44 | GAIN ON SALE OF BUILDING | - | - | - | | - |
| 45 | OTHER | 5,338 | 88 | 5,426 | | 5,426 |
| 46 | WORKING CAPITAL | 7,549 | - | 7,549 | | 7,549 |
| 47 | TOTAL RATE BASE | 348,658 | 50,244 | 398,900 | 0 | 398,900 |
| 48 | RATE OF RETURN | 7.06% | | 5.07% | | 7.52% |

AVISTA UTILITIES
CALCULATION OF REQUESTED GENERAL REVENUE REQUIREMENT
WASHINGTON NATURAL GAS
TWELVE MONTHS ENDED DECEMBER 31, 2018

| Line No. | Description | Requested Base Rate Change 4/1/2020 (000's of Dollars) |
|----------|---|--|
| 1 | Pro Forma Rate Base | \$ 398,990 |
| 2 | Proposed Rate of Return | <u>7.52%</u> |
| 3 | Net Operating Income Requirement | \$30,004 |
| 4 | Pro Forma Net Operating Income | <u>\$ 20,236</u> |
| 5 | Net Operating Income Deficiency | \$9,768 |
| 6 | Conversion Factor | 0.755118 |
| 7 | Revenue Requirement - 2020 | \$12,935 |
| 8 | Total Base Distribution Revenues* | \$ 93,707 |
| 9 | Percentage Base Distribution Revenue Increase | <u>13.80%</u> |
| 10 | Total Present Billed Revenue | \$ 127,800 |
| 11 | Percentage Billed Revenue Increase | <u>10.12%</u> |

* Line 8 "Total General Business Revenues" includes special contract transportation revenues.

Revenue Growth Rate and Revenue Adjustment for Rate Year 2 (4/1/2021)

| | | | | |
|----|---|---|---------------------------------|-----------------------------------|
| 12 | Revenue Growth Rate % | <u>6.11%</u> per Exh. EMA-5, pg. 1 | | |
| 13 | Delivery Related Revenues 4/1/2020 <i>(\$92,722 + \$12,935 = \$105,657)</i> | <u>\$ 105,657</u> | | |
| | | Incremental Revenue | Incremental % (Base) | Incremental % (Billed) |
| 14 | Rate Year 2: 4/1/2021 -3/31/2022 | <u>\$ 6,456</u> | 6.05% | <u>4.59%</u> |
| | * Current Delivery Related Revenues per Exh. EMA-x, pg x | <u>\$ 92,722</u> | | |
| | 4/1/2020 Proposed Revenue Increase from line 7 | <u>\$12,935</u> | | |

| AVISTA UTILITIES PROPOSED COST OF CAPITAL WASHINGTON NATURAL GAS | | | |
|---|------------------------------|-------------|--------------------------|
| Proposed Capital Structure | | | |
| Component | Capital Structure | Cost | Weighted Cost |
| Debt | 50.0% | 5.15% | 2.57% |
| Common | 50.0% | 9.90% | 4.95% |
| Total | <u>100.00%</u> | | <u>7.52%</u> |

**AVISTA UTILITIES
REVENUE CONVERSION FACTOR
WASHINGTON NATURAL GAS
TWELVE MONTHS ENDED DECEMBER 31, 2018**

| Line No. | Description | Factor |
|---------------------|---------------------------------|-----------------|
| 1 | Revenues | 1.000000 |
| | Expense: | |
| 2 | Uncollectibles | 0.003781 |
| 3 | Commission Fees | 0.002000 |
| 4 | Washington Excise Tax | 0.038374 |
| 6 | Total Expense | <u>0.044155</u> |
| 7 | Net Operating Income Before FIT | 0.955845 |
| 8 | Federal Income Tax @ 21% | 0.200727 |
| 9 | REVENUE CONVERSION FACTOR | 0.755118 |

AVISTA UTILITIES
 WASHINGTON NATURAL GAS
 TWELVE MONTHS ENDED DECEMBER 31, 2018
 (000'S OF DOLLARS)

RESTATEMENT ADJUSTMENTS

ACTUAL RESULTS

| Line No. | DESCRIPTION | Per Results Report | Deferred FIT Rate Base | Deferred Debits and Credits | Working Capital | Remove AMI Rate Base | Eliminate B & O Taxes | Restate Property Tax | Uncollectible Expense | Regulatory Expense |
|---------------------------------------|---|--------------------|------------------------|-----------------------------|-----------------|----------------------|-----------------------|----------------------|-----------------------|--------------------|
| | Adjustment Number | 1.00 | 1.01 | 1.02 | 1.03 | 1.04 | 2.01 | 2.02 | 2.03 | 2.04 |
| | Workpaper Reference | G-ROO | G-DFIT | G-DDC | G-WC | G-AMI | G-EBO | G-RPT | G-UE | G-RE |
| REVENUES | | | | | | | | | | |
| 1 | Total General Business | \$ 140,625 | \$ - | \$ - | \$ - | \$ - | \$ (5,070) | \$ - | \$ - | \$ - |
| 2 | Total Transportation | 5,088 | - | - | - | - | (128) | - | - | - |
| 3 | Other Revenues | 50,681 | - | - | - | - | - | - | - | - |
| 4 | Total Gas Revenues | 196,394 | - | - | - | - | (5,198) | - | - | - |
| EXPENSES | | | | | | | | | | |
| Production Expenses | | | | | | | | | | |
| 5 | City Gate Purchases | 90,669 | - | - | - | - | - | - | - | - |
| 6 | Purchased Gas Expense | 955 | - | - | - | - | - | - | - | - |
| 7 | Net Nat Gas Storage Trans | (292) | - | - | - | - | - | - | - | - |
| 8 | Total Production | 91,332 | - | - | - | - | - | - | - | - |
| Underground Storage | | | | | | | | | | |
| 9 | Operating Expenses | 1,532 | - | - | - | - | - | - | - | - |
| 10 | Depreciation/Amortization | 627 | - | - | - | - | - | - | - | - |
| 11 | Taxes | 302 | - | - | - | - | - | (78) | - | - |
| 12 | Total Underground Storage | 2,461 | - | - | - | - | - | (78) | - | - |
| Distribution | | | | | | | | | | |
| 13 | Operating Expenses | 12,316 | - | - | - | - | - | - | - | - |
| 14 | Depreciation/Amortization | 11,642 | - | - | - | - | - | - | - | - |
| 15 | Taxes | 14,128 | - | - | - | - | (5,184) | 80 | - | - |
| 16 | Total Distribution | 38,086 | - | - | - | - | (5,184) | 80 | - | - |
| 17 | Customer Accounting | 7,234 | - | 10 | - | - | - | - | (320) | - |
| 18 | Customer Service & Information | 8,093 | - | - | - | - | - | - | - | - |
| 19 | Sales Expenses | - | - | - | - | - | - | - | - | - |
| Administrative & General | | | | | | | | | | |
| 20 | Operating Expenses | 15,045 | - | - | - | - | - | - | - | (50) |
| 21 | Depreciation/Amortization | 8,492 | - | - | - | - | - | - | - | - |
| 22 | Regulatory Amortizations | (1,559) | - | - | - | - | - | - | - | - |
| 23 | Taxes | - | - | - | - | - | - | - | - | - |
| 24 | Total Admin. & General | 21,978 | - | - | - | - | - | - | - | (50) |
| 25 | Total Gas Expense | 169,184 | - | 10 | - | - | (5,184) | 2 | (320) | (50) |
| 26 | OPERATING INCOME BEFORE FIT | 27,210 | - | (10) | - | - | (14) | (2) | 320 | 50 |
| FEDERAL INCOME TAX | | | | | | | | | | |
| 27 | Current Accrual | 2,557 | - | (2) | - | - | (3) | (0) | 67 | 11 |
| 28 | Debt Interest | - | 7 | 0 | - | 33 | - | - | - | - |
| 29 | Deferred FIT | 54 | - | - | - | - | - | - | - | - |
| 30 | Amort ITC | (15) | - | - | - | - | - | - | - | - |
| 31 | NET OPERATING INCOME | \$ 24,614 | \$ (7) | \$ (8) | \$ - | \$ (33) | \$ (11) | \$ (2) | \$ 253 | \$ 40 |
| RATE BASE | | | | | | | | | | |
| PLANT IN SERVICE | | | | | | | | | | |
| 32 | Underground Storage | \$ 28,442 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 33 | Distribution Plant | 462,636 | - | - | - | (7,041) | - | - | - | - |
| 34 | General Plant | 114,053 | - | - | - | - | - | - | - | - |
| 35 | Total Plant in Service | 605,131 | - | - | - | (7,041) | - | - | - | - |
| ACCUMULATED DEPRECIATION/AMORT | | | | | | | | | | |
| 36 | Underground Storage | (11,051) | - | - | - | - | - | - | - | - |
| 37 | Distribution Plant | (145,402) | - | - | - | 433 | - | - | - | - |
| 38 | General Plant | (32,354) | - | - | - | - | - | - | - | - |
| 39 | Total Accumulated Depreciation/Amortization | (188,807) | - | - | - | 433 | - | - | - | - |
| 40 | NET PLANT | 416,324 | - | - | - | (6,608) | - | - | - | - |
| 41 | DEFERRED TAXES | (88,908) | (1,247) | - | - | 570 | - | - | - | - |
| 42 | Net Plant After DFIT | 327,416 | (1,247) | - | - | (6,038) | - | - | - | - |
| 43 | GAS INVENTORY | 8,355 | - | - | - | - | - | - | - | - |
| 44 | GAIN ON SALE OF BUILDING | - | - | - | - | - | - | - | - | - |
| 45 | OTHER | 5,338 | - | (7) | - | - | - | - | - | - |
| 46 | WORKING CAPITAL | 7,549 | - | - | - | - | - | - | - | - |
| 47 | TOTAL RATE BASE | \$ 348,658 | \$ (1,247) | \$ (7) | \$ - | \$ (6,038) | \$ - | \$ - | \$ - | \$ - |
| 48 | RATE OF RETURN | 7.06% | | | | | | | | |
| 50 | REVENUE REQUIREMENT | 2,126 | -115 | 10 | 0 | -558 | 15 | 2 | -335 | -52 |

AVISTA UTILITIES
 WASHINGTON NATURAL GAS
 TWELVE MONTHS ENDED DECEMBER 31, 2018
 (000'S OF DOLLARS)

| Line No. | DESCRIPTION | Injuries & Damages | FIT / DFIT Expense | Office Space Charges to Non-Utility | Restate Excise Taxes | Net Gains & Losses | Weather Normalization / Gas Cost Adjust | Eliminate Adder Schedules | Misc. Restating Non-Util / Non-Recurring Expense | |
|--------------------------------|---|--------------------|--------------------|-------------------------------------|----------------------|--------------------|---|---------------------------|--|--|
| | Adjustment Number | 2.05 | 2.06 | 2.07 | 2.08 | 2.09 | 2.10 | 2.11 | 2.12 | |
| | Workpaper Reference | G-ID | G-FIT | G-OSC | G-RET | G-NGL | G-WNGC | G-EAS | G-MR | |
| REVENUES | | | | | | | | | | |
| 1 | Total General Business | \$ - | \$ - | \$ - | \$ - | \$ - | 6,259 | \$ 5,056 | \$ - | |
| 2 | Total Transportation | - | - | - | - | - | - | - | - | |
| 3 | Other Revenues | - | - | - | - | - | (3,321) | (51,690) | 114 | |
| 4 | Total Gas Revenues | - | - | - | - | - | 2,938 | (46,634) | 114 | |
| EXPENSES | | | | | | | | | | |
| Production Expenses | | | | | | | | | | |
| 5 | City Gate Purchases | - | - | - | - | - | 2,651 | (41,801) | - | |
| 6 | Purchased Gas Expense | - | - | - | - | - | 4 | - | - | |
| 7 | Net Nat Gas Storage Trans | - | - | - | - | - | - | 292 | - | |
| 8 | Total Production | - | - | - | - | - | 2,655 | (41,509) | - | |
| Underground Storage | | | | | | | | | | |
| 9 | Operating Expenses | - | - | - | - | - | - | - | - | |
| 10 | Depreciation/Amortization | - | - | - | - | - | - | - | - | |
| 11 | Taxes | - | - | - | - | - | - | - | - | |
| 12 | Total Underground Storage | - | - | - | - | - | - | - | - | |
| Distribution | | | | | | | | | | |
| 13 | Operating Expenses | - | - | - | - | - | - | - | (8) | |
| 14 | Depreciation/Amortization | - | - | - | - | (13) | - | - | - | |
| 15 | Taxes | - | - | - | - | - | 240 | 194 | - | |
| 16 | Total Distribution | - | - | - | - | (13) | 240 | 194 | (8) | |
| 17 | Customer Accounting | - | - | - | - | - | 24 | 19 | - | |
| 18 | Customer Service & Information | - | - | - | - | - | - | (6,860) | (1) | |
| 19 | Sales Expenses | - | - | - | - | - | - | - | - | |
| Administrative & General | | | | | | | | | | |
| 20 | Operating Expenses | 54 | - | (17) | - | - | 13 | 10 | (371) | |
| 21 | Depreciation/Amortization | - | - | - | - | - | - | - | - | |
| 22 | Regulatory Amortizations | - | - | - | - | - | - | 1,083 | - | |
| 23 | Taxes | - | - | - | - | - | - | - | - | |
| 24 | Total Admin. & General | 54 | - | (17) | - | - | 13 | 1,093 | (371) | |
| 25 | Total Gas Expense | 54 | - | (17) | - | (13) | 2,932 | (47,063) | (380) | |
| 26 | OPERATING INCOME BEFORE FIT | (54) | - | 17 | - | 13 | 6 | 429 | 494 | |
| FEDERAL INCOME TAX | | | | | | | | | | |
| 27 | Current Accrual | (11) | - | 4 | - | 3 | 1 | 90 | 104 | |
| 28 | Debt Interest | - | - | - | - | - | - | - | - | |
| 29 | Deferred FIT | - | - | - | - | - | - | 339 | - | |
| 30 | Amort ITC | - | - | - | - | - | - | - | - | |
| 31 | NET OPERATING INCOME | \$ (43) | \$ - | \$ 13 | \$ - | \$ 10 | \$ 5 | \$ (0) | \$ 390 | |
| 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 | - | - | - | - | - | - | - | - | |
| 42 | Net Plant After DFIT | - | - | - | - | - | - | - | - | |
| 43 | GAS INVENTORY | - | - | - | - | - | - | - | - | |
| 44 | GAIN ON SALE OF BUILDING | - | - | - | - | - | - | - | - | |
| 45 | OTHER | - | - | - | - | - | - | - | - | |
| 46 | WORKING CAPITAL | - | - | - | - | - | - | - | - | |
| 47 | TOTAL RATE BASE | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 48 | RATE OF RETURN | - | - | - | - | - | - | - | - | |
| 50 | REVENUE REQUIREMENT | 56 | 0 | -18 | 0 | -14 | -6 | 0 | -517 | |

AVISTA UTILITIES
 WASHINGTON NATURAL GAS
 TWELVE MONTHS ENDED DECEMBER 31, 2018
 (000'S OF DOLLARS)

| Line No. | DESCRIPTION | Restating Incentives Expense 2.13 G-RI | Restate Debt Interest 2.14 G-DI | Restate 2018 AMA Rate Base to EOP 2.15 G-EOP18 | Restated TOTAL R-Td |
|----------|---|--|---------------------------------------|--|------------------------|
| | Adjustment Number | 2.13 | 2.14 | 2.15 | |
| | Workpaper Reference | G-RI | G-DI | G-EOP18 | R-Td |
| | REVENUES | | | | |
| 1 | Total General Business | \$ - | \$ - | \$ - | 146,870 |
| 2 | Total Transportation | - | - | - | 4,960 |
| 3 | Other Revenues | - | - | - | (4,216) |
| 4 | Total Gas Revenues | - | - | - | 147,614 |
| | EXPENSES | | | | |
| | Production Expenses | | | | |
| 5 | City Gate Purchases | - | - | - | 51,519 |
| 6 | Purchased Gas Expense | - | - | - | 959 |
| 7 | Net Nat Gas Storage Trans | - | - | - | - |
| 8 | Total Production | - | - | - | 52,478 |
| | Underground Storage | | | | |
| 9 | Operating Expenses | - | - | - | 1,532 |
| 10 | Depreciation/Amortization | - | - | 43 | 670 |
| 11 | Taxes | - | - | - | 224 |
| 12 | Total Underground Storage | - | - | 43 | 2,426 |
| | Distribution | | | | |
| 13 | Operating Expenses | - | - | - | 12,308 |
| 14 | Depreciation/Amortization | - | - | 567 | 12,196 |
| 15 | Taxes | - | - | - | 9,458 |
| 16 | Total Distribution | - | - | 567 | 33,962 |
| 17 | Customer Accounting | - | - | - | 6,967 |
| 18 | Customer Service & Information | - | - | - | 1,232 |
| 19 | Sales Expenses | - | - | - | - |
| | Administrative & General | | | | |
| 20 | Operating Expenses | (72) | - | - | 14,612 |
| 21 | Depreciation/Amortization | - | - | 961 | 9,453 |
| 22 | Regulatory Amortizations | - | - | - | (476) |
| 23 | Taxes | - | - | - | - |
| 24 | Total Admin. & General | (72) | - | 961 | 23,589 |
| 25 | Total Gas Expense | (72) | - | 1,571 | 120,654 |
| 26 | OPERATING INCOME BEFORE FIT | 72 | - | (1,571) | 26,960 |
| | FEDERAL INCOME TAX | | | | |
| 27 | Current Accrual | 15 | 249 | (330) | 2,754 |
| 28 | Debt Interest | - | - | (174) | (135) |
| 29 | Deferred FIT | - | - | - | 393 |
| 30 | Amort ITC | - | - | - | (15) |
| 31 | NET OPERATING INCOME | \$ 57 | \$ (249) | \$ (1,067) | \$ 23,963 |
| | RATE BASE | | | | |
| | PLANT IN SERVICE | | | | |
| 32 | Underground Storage | \$ - | \$ - | 600 | \$ 29,042 |
| 33 | Distribution Plant | - | - | 24,409 | 480,004 |
| 34 | General Plant | - | - | 12,935 | 126,988 |
| 35 | Total Plant in Service | - | - | 37,944 | 636,034 |
| | ACCUMULATED DEPRECIATION/AMORT | | | | |
| 36 | Underground Storage | - | - | (431) | (11,482) |
| 37 | Distribution Plant | - | - | (3,208) | (148,177) |
| 38 | General Plant | - | - | (2,338) | (34,692) |
| 39 | Total Accumulated Depreciation/Amortization | - | - | (5,977) | (194,351) |
| 40 | NET PLANT | - | - | 31,967 | 441,683 |
| 41 | DEFERRED TAXES | - | - | 304 | (89,281) |
| 42 | Net Plant After DFIT | - | - | 32,271 | 352,402 |
| 43 | GAS INVENTORY | - | - | - | 8,355 |
| 44 | GAIN ON SALE OF BUILDING | - | - | - | - |
| 45 | OTHER | - | - | - | 5,331 |
| 46 | WORKING CAPITAL | - | - | - | 7,549 |
| 47 | TOTAL RATE BASE | \$ - | \$ - | 32,271 | \$ 373,637 |
| 48 | RATE OF RETURN | | | | (1) |
| 50 | REVENUE REQUIREMENT | -75 | 330 | 4,627 | 5,475 |

(1) The Restated TOTAL column does not represent 12/31/2018 Test Period Commission Basis results of operation on a normalized basis (CBR basis). Differences exists due to inclusion of proposed cost of debt (pro forma versus CBR actual cost of debt) impacting Adjustment 2.14 above, and the inclusion of Restate 2018 AMA Rate base to EOP adjustment 2.15.

AVISTA UTILITIES
 WASHINGTON NATURAL GAS
 TWELVE MONTHS ENDED DECEMBER 31, 2018
 (000'S OF DOLLARS)

PRO FORMA ADJUSTMENTS

| Line No. | DESCRIPTION | Pro Forma Revenue Normalization | Pro Forma LEAP Deferral Amortization | Pro Forma Labor Non-Exec | Pro Forma Labor Exec | Pro Forma Employee Benefits | Pro Forma Insurance Expense | Pro Forma IS/IT Expense |
|----------|---|---------------------------------|--------------------------------------|--------------------------|----------------------|-----------------------------|-----------------------------|-------------------------|
| | | 3.01 | 3.02 | 3.03 | 3.04 | 3.05 | 3.06 | 3.07 |
| | | G-PREV | G-PLEAP | G-PLN | G-PLE | G-PEB | G-PINS | G-PIT |
| | Adjustment Number | | | | | | | |
| | Workpaper Reference | | | | | | | |
| | REVENUES | | | | | | | |
| 1 | Total General Business | \$ (58,118) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2 | Total Transportation | (5) | - | - | - | - | - | - |
| 3 | Other Revenues | 4,549 | - | - | - | - | - | - |
| 4 | Total Gas Revenues | (53,574) | - | - | - | - | - | - |
| | EXPENSES | | | | | | | |
| | Production Expenses | | | | | | | |
| 5 | City Gate Purchases | (51,519) | - | - | - | - | - | - |
| 6 | Purchased Gas Expense | - | - | 16 | - | 24 | - | - |
| 7 | Net Nat Gas Storage Trans | - | - | - | - | - | - | - |
| 8 | Total Production | (51,519) | - | 16 | - | 24 | - | - |
| | Underground Storage | | | | | | | |
| 9 | Operating Expenses | - | - | - | - | - | - | - |
| 10 | Depreciation/Amortization | - | - | - | - | - | - | - |
| 11 | Taxes | - | - | - | - | - | - | - |
| 12 | Total Underground Storage | - | - | - | - | - | - | - |
| | Distribution | | | | | | | |
| 13 | Operating Expenses | - | - | 362 | - | 328 | - | - |
| 14 | Depreciation/Amortization | - | - | - | - | - | - | - |
| 15 | Taxes | (2,230) | - | - | - | - | - | - |
| 16 | Total Distribution | (2,230) | - | 362 | - | 328 | - | - |
| 17 | Customer Accounting | (220) | - | 143 | - | 176 | - | - |
| 18 | Customer Service & Information | - | - | 11 | - | 16 | - | - |
| 19 | Sales Expenses | - | - | - | - | - | - | - |
| | Administrative & General | | | | | | | |
| 20 | Operating Expenses | (116) | - | 198 | 102 | 256 | 11 | 582 |
| 21 | Depreciation/Amortization | - | - | - | - | - | - | - |
| 22 | Regulatory Amortizations | - | 1,745 | - | - | - | - | - |
| 23 | Taxes | - | - | - | - | - | - | - |
| 24 | Total Admin. & General | (116) | 1,745 | 198 | 102 | 256 | 11 | 582 |
| 25 | Total Gas Expense | (54,085) | 1,745 | 730 | 102 | 800 | 11 | 582 |
| 26 | OPERATING INCOME BEFORE FIT | 511 | (1,745) | (730) | (102) | (800) | (11) | (582) |
| | FEDERAL INCOME TAX | | | | | | | |
| 27 | Current Accrual | 107 | (366) | (153) | (21) | (168) | (2) | (122) |
| 28 | Debt Interest | - | (1) | - | - | - | - | - |
| 29 | Deferred FIT | - | - | - | - | - | - | - |
| 30 | Amort ITC | - | - | - | - | - | - | - |
| 31 | NET OPERATING INCOME | \$ 404 | \$ (1,378) | \$ (577) | \$ (81) | \$ (632) | \$ (9) | \$ (460) |
| | 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 | - | - | - | - | - | - | - |
| 42 | Net Plant After DFIT | - | - | - | - | - | - | - |
| 43 | GAS INVENTORY | - | - | - | - | - | - | - |
| 44 | GAIN ON SALE OF BUILDING | - | - | - | - | - | - | - |
| 45 | OTHER | - | 95 | - | - | - | - | - |
| 46 | WORKING CAPITAL | - | - | - | - | - | - | - |
| 47 | TOTAL RATE BASE | \$ - | \$ 95 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 48 | RATE OF RETURN | - | - | - | - | - | - | - |
| 50 | REVENUE REQUIREMENT | -535 | 1,834 | 764 | 107 | 837 | 12 | 609 |

AVISTA UTILITIES
 WASHINGTON NATURAL GAS
 TWELVE MONTHS ENDED DECEMBER 31, 2018
 (000'S OF DOLLARS)

| Line No. | DESCRIPTION | Pro Forma Property Tax | Pro Forma Depreciation Expense | Pro Forma 2019 Major Capital Adds | Pro Forma O&M Offsets | Pro Forma Fee Free Amortization | Pro Forma Total |
|----------|---|------------------------|--------------------------------|-----------------------------------|-----------------------|---------------------------------|-----------------|
| | Adjustment Number | 3.08 | 3.09 | 3.10 | 3.11 | 3.12 | |
| | Worksheet Reference | G-PPT | G-PDEP | G-PCAP | G-POFF | G-PFEE | PF-STtd |
| | REVENUES | | | | | | |
| 1 | Total General Business | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 88,752 |
| 2 | Total Transportation | - | - | - | - | - | 4,955 |
| 3 | Other Revenues | - | - | - | - | - | 333 |
| 4 | Total Gas Revenues | - | - | - | - | - | 94,040 |
| | EXPENSES | | | | | | |
| | Production Expenses | | | | | | |
| 5 | City Gate Purchases | - | - | - | - | - | - |
| 6 | Purchased Gas Expense | - | - | - | - | - | 999 |
| 7 | Net Nat Gas Storage Trans | - | - | - | - | - | - |
| 8 | Total Production | - | - | - | - | - | 999 |
| | Underground Storage | | | | | | |
| 9 | Operating Expenses | - | - | - | - | - | 1,532 |
| 10 | Depreciation/Amortization | - | (244) | - | - | - | 426 |
| 11 | Taxes | 29 | - | - | - | - | 253 |
| 12 | Total Underground Storage | 29 | (244) | - | - | - | 2,211 |
| | Distribution | | | | | | |
| 13 | Operating Expenses | - | - | - | - | - | 12,998 |
| 14 | Depreciation/Amortization | - | (731) | 347 | - | - | 11,812 |
| 15 | Taxes | 447 | - | - | - | - | 7,675 |
| 16 | Total Distribution | 447 | (731) | 347 | - | - | 32,485 |
| 17 | Customer Accounting | - | - | - | - | 31 | 7,097 |
| 18 | Customer Service & Information | - | - | - | - | - | 1,259 |
| 19 | Sales Expenses | - | - | - | - | - | - |
| | Administrative & General | | | | | | |
| 20 | Operating Expenses | - | - | - | (14) | - | 15,631 |
| 21 | Depreciation/Amortization | - | (543) | 1,274 | - | - | 10,184 |
| 22 | Regulatory Amortizations | - | - | - | - | 836 | 2,105 |
| 23 | Taxes | - | - | - | - | - | - |
| 24 | Total Admin. & General | - | (543) | 1,274 | (14) | 836 | 27,920 |
| 25 | Total Gas Expense | 476 | (1,518) | 1,621 | (14) | 867 | 71,971 |
| 26 | OPERATING INCOME BEFORE FIT | (476) | 1,518 | (1,621) | 14 | (867) | 22,069 |
| | FEDERAL INCOME TAX | | | | | | |
| 27 | Current Accrual | (100) | 319 | (340) | 3 | (182) | 1,726 |
| 28 | Debt Interest | - | - | (136) | - | - | (272) |
| 29 | Deferred FIT | - | - | - | - | - | 393 |
| 30 | Amort ITC | - | - | - | - | - | (15) |
| 31 | NET OPERATING INCOME | \$ (376) | \$ 1,199 | \$ (1,144) | \$ 11 | \$ (685) | \$ 20,236 |
| | RATE BASE | | | | | | |
| | PLANT IN SERVICE | | | | | | |
| 32 | Underground Storage | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 29,042 |
| 33 | Distribution Plant | - | - | 14,592 | - | - | 494,596 |
| 34 | General Plant | - | - | 11,926 | - | - | 138,914 |
| 35 | Total Plant in Service | - | - | 26,518 | - | - | 662,552 |
| | ACCUMULATED DEPRECIATION/AMORT | | | | | | |
| 36 | Underground Storage | - | - | - | - | - | (11,482) |
| 37 | Distribution Plant | - | - | (156) | - | - | (148,333) |
| 38 | General Plant | - | - | (497) | - | - | (35,189) |
| 39 | Total Accumulated Depreciation/Amortization | - | - | (653) | - | - | (195,004) |
| 40 | NET PLANT | - | - | 25,865 | - | - | 467,548 |
| 41 | DEFERRED TAXES | - | - | (607) | - | - | (89,888) |
| 42 | Net Plant After DFIT | - | - | 25,258 | - | - | 377,660 |
| 43 | GAS INVENTORY | - | - | - | - | - | 8,355 |
| 44 | GAIN ON SALE OF BUILDING | - | - | - | - | - | - |
| 45 | OTHER | - | - | - | - | - | 5,426 |
| 46 | WORKING CAPITAL | - | - | - | - | - | 7,549 |
| 47 | TOTAL RATE BASE | \$ - | \$ - | \$ 25,258 | \$ - | \$ - | \$ 398,990 |
| 48 | RATE OF RETURN | | | | | | |
| 50 | REVENUE REQUIREMENT | 498 | -1,588 | 4,031 | -15 | 907 | 12,935 |

AVISTA UTILITIES
Washington Gas
(000's OF DOLLARS)
TWELVE MONTHS ENDED DECEMBER 31, 2018

| Column | WP Ref | Description | Washington Gas | | |
|------------------------------|---------|---|-----------------|------------------|--------------|
| | | | NOI | Rate Base | ROR |
| Restating Adjustments | | | | | |
| 1.00 | G-ROO | Per Results Report | \$24,614 | \$348,658 | 7.06% |
| 1.01 | G-DFIT | Deferred FIT Rate Base | (7) | (1,247) | |
| 1.02 | G-DDC | Deferred Debits and Credits | (8) | (7) | |
| 1.03 | G-WC | Working Capital | 0 | 0 | |
| 1.04 | G-AMI | Remove AMI Rate Base | (33) | (6,038) | |
| 2.01 | G-EBO | Eliminate B & O Taxes | (11) | 0 | |
| 2.02 | G-RPT | Restate Property Tax | (2) | 0 | |
| 2.03 | G-UE | Uncollectible Expense | 253 | 0 | |
| 2.04 | G-RE | Regulatory Expense | 40 | 0 | |
| 2.05 | G-ID | Injuries & Damages | (43) | 0 | |
| 2.06 | G-FIT | FIT / DFIT Expense | 0 | 0 | |
| 2.07 | G-OSC | Office Space Charges to Non-Utility | 13 | 0 | |
| 2.08 | G-RET | Restate Excise Taxes | 0 | 0 | |
| 2.09 | G-NGL | Net Gains & Losses | 10 | 0 | |
| 2.10 | G-WNGC | Weather Normalization / Gas Cost Adjust | 5 | 0 | |
| 2.11 | G-EAS | Eliminate Adder Schedules | (0) | 0 | |
| 2.12 | G-MR | Misc. Restating Non-Util / Non- Recurring Expense | 390 | 0 | |
| 2.13 | G-RI | Restating Incentives Expense | 57 | 0 | |
| 2.14 | G-DI | Restate Debt Interest | (249) | 0 | |
| 2.15 | G-EOP18 | Restate 2018 AMA Rate Base to EOP | (1,067) | 32,271 | |
| | | Restated Total | <u>\$23,963</u> | <u>\$373,637</u> | 6.41% |
| Pro Forma Adjustments | | | | | |
| 3.01 | G-PREV | Pro Forma Revenue Normalization | 404 | 0 | |
| 3.02 | G-PLEAP | Pro Forma LEAP Deferral Amortization | (1,378) | 95 | |
| 3.03 | G-PLN | Pro Forma Labor Non-Exec | (577) | 0 | |
| 3.04 | G-PLE | Pro Forma Labor Exec | (81) | 0 | |
| 3.05 | G-PEB | Pro Forma Employee Benefits | (632) | 0 | |
| 3.06 | G-PINS | Pro Forma Insurance Expense | (9) | 0 | |
| 3.07 | G-PIT | Pro Forma IS/IT Expense | (460) | 0 | |
| 3.08 | G-PPT | Pro Forma Property Tax | (376) | 0 | |
| 3.09 | G-PDEP | Pro Forma Depreciation Expense | 1,199 | 0 | |
| 3.10 | G-PCAP | Pro Forma 2019 Major Capital Adds | (1,144) | 25,258 | |
| 3.11 | G-POFF | Pro Forma O&M Offsets | 11 | 0 | |
| 3.12 | G-PFEE | Pro Forma Fee Free Amortization | (685) | 0 | |
| | | Pro Forma Total | <u>\$20,236</u> | <u>\$398,990</u> | 5.07% |