

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UG-16 _____

EXHIBIT NO. ____ (EMA-3)

ELIZABETH M. ANDREWS

REPRESENTING AVISTA CORPORATION

AVISTA
2017 WASHINGTON NATURAL GAS ATTRITION STUDY
Calculation of General Revenue Requirement
Twelve Months Ended September 30, 2015
(000's of Dollars)

Line No.	Description	(a) Attrition Balances	(b) Revenue Growth Factor	(c) Attrition Study Results
1	2017 Rate Base	\$303,684	1.018000	\$298,315
2	Proposed Rate of Return			<u>7.64%</u>
3	Net Operating Income Requirement			\$22,791
4	2017 Net Operating Income (at 2016 rates)	<u>\$ 20,426</u>	1.01800	<u>\$20,065</u>
5	2017 Rate of Return (at 2016 rates)			6.73%
6	2017 Net Operating Income Deficiency			\$2,726
7	Gross-up Conversion Factor			0.62000
8	2017 Attrition Revenue Deficiency			\$4,397
9	2017 Total General Business Revenues (at 2016 rates)			\$ 88,474
10	Attrition-based 2017 revenue requirement			\$ 92,871
11	Percent Base Revenue Requirement Change (vs. 2016)			4.97%
12	2017 Total Present Billed Revenue			\$ 158,581
13	Percentage Billed Revenue Increase			2.77%

Proposed Cost of Capital

**Washington - Natural Gas System
Twelve Months Ended September 30, 2015**

Proposed Capital Structure			
<u>Component</u>	<u>Capital Structure</u>	<u>Cost</u>	<u>Weighted Cost</u>
Total Debt	51.50%	5.51%	2.84%
Common	48.50%	9.90%	4.80%
Total	<u>100.00%</u>		<u>7.64%</u>

*Based on 2017 estimated capital structure and cost of debt.

Revenue Conversion Factor
Washington -Natural Gas System
Twelve Months Ended September 30, 2015

<u>Line No.</u>	<u>Description</u>	<u>Factor</u>
1	Revenues	<i>1.000000</i>
	Expense:	
2	Uncollectibles	0.005855
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038294
5	Total Expense	<u><u>0.046150</u></u>
6	Net Operating Income Before FIT	<i>0.953850</i>
7	Federal Income Tax @ 35%	<u><u>0.333848</u></u>
8	REVENUE CONVERSION FACTOR	<u><u>0.620003</u></u>

2017 NATURAL GAS ATTRITION REVENUE REQUIREMENT

\$000s		Determine Base Cost and Revenue to Escalate				Escalate Non-Energy Cost						
CBR Line		12ME 09.2015 AMA Commission Basis Report Totals ¹	Regulatory Amorts & Misc Adjs	Pro Forma Revenue Normalization Adjustment	Add 12.2015 Plant	12ME 12.2015 AMA Escalation Base	Escalation Factor	Escalation Amount [E] * [F] = [G]	Trended 2017 Non-Energy Cost [E] + [G] = [H]	(plus) Revenue Growth	After Attrition Adj AMI Capital Project	2017 Revenue and Cost [H] + [I] + [J] = [K]
No.	DESCRIPTION	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
REVENUES												
1	Total General Business	\$ 156,631	\$ -	\$ (72,574)	\$ -	\$ 84,057	1.90%		84,057	\$ 1,597		\$ 85,654
2	Total Transportation	\$ 4,008	\$ -	\$ 408	\$ -	\$ 4,416	-0.10%		4,416	\$ (4)		\$ 4,412
3	Other Revenues	\$ 5,696	\$ -	\$ (5,413)	\$ -	\$ 283	0.00%		283	\$ -		\$ 283
4	Total Gas Revenues	\$ 166,335	\$ -	\$ (77,579)	\$ -	\$ 88,756		\$ -	\$ 88,756	\$ 1,592		\$ 90,348
EXPENSES												
Production Expenses												
5	City Gate Purchases	\$ 86,559	\$ -	\$ (86,559)	\$ -	\$ -			-			\$ -
6	Purchased Gas Expense	\$ 819	\$ -	\$ -	\$ -	\$ 819	4.56%	37	856			\$ 856
7	Net Nat Gas Storage Trans	\$ -	\$ -	\$ -	\$ -	\$ -			-			\$ -
8	Total Production	\$ 87,378	\$ -	\$ (86,559)	\$ -	\$ 819		\$ 37	\$ 856	\$ -		\$ 856
Underground Storage												
9	Operating Expenses ²	\$ 833	\$ -	\$ -	\$ -	\$ 833	4.56%	38	871			\$ 871
10	Depreciation/Amortization	\$ 429	\$ -	\$ -	(2)	\$ 427	20.16%	86	513			\$ 513
11	Taxes	\$ 278	\$ -	\$ -	\$ -	\$ 278	15.22%	42	320			\$ 320
12	Total Underground Storage	\$ 1,540	\$ -	\$ -	(2)	\$ 1,538		\$ 166	\$ 1,704	\$ -		\$ 1,704
Distribution												
13	Operating Expenses ²	\$ 11,531	\$ -	\$ -	\$ -	\$ 11,531	4.56%	526	12,057			\$ 12,057
14	Depreciation/Amortization	\$ 8,925	\$ -	\$ -	126	\$ 9,051	20.16%	1,825	10,876		555	\$ 11,431
15	Taxes	\$ 8,593	\$ -	\$ (2,764)	\$ -	\$ 5,829	15.22%	887	6,716	\$ 61		\$ 6,777
16	Total Distribution	\$ 29,049	\$ -	\$ (2,764)	\$ 126	\$ 26,411		\$ 3,238	\$ 29,649	\$ 61	\$ 555	\$ 30,265
17	Customer Accounting	\$ 6,340	\$ -	\$ (423)	\$ -	\$ 5,917	4.56%	270	6,187	\$ 9		\$ 6,196
18	Customer Service & Information	\$ 876	\$ -	\$ -	\$ -	\$ 876	4.56%	40	916			\$ 916
19	Sales Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	4.56%	-	-			\$ -
Administrative & General												
20	Operating Expenses ²	\$ 13,563	\$ (179)	\$ (144)	\$ 452	\$ 13,692	4.56%	624	14,316	\$ 3		\$ 14,319
21	Depreciation/Amortization	\$ 5,206	\$ -	\$ -	\$ -	\$ 5,206	20.16%	1,050	6,256		600	\$ 6,856
22	Regulatory Amortizations	\$ (1,505)	\$ 2,584	\$ -	\$ -	\$ 1,079	0.00%	-	1,079			\$ 1,079
23	Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	15.22%	-	-			\$ -
24	Total Admin. & General	\$ 17,264	\$ 2,405	\$ (144)	\$ 452	\$ 19,977		\$ 1,674	\$ 21,651	\$ 3	\$ 600	\$ 22,254
25	Total Gas Expense	\$ 142,447	\$ 2,405	\$ (89,890)	\$ 576	\$ 55,538		\$ 5,425	\$ 60,963	\$ 73	\$ 1,155	\$ 62,191
26	OPERATING INCOME BEFORE FIT	\$ 23,888	\$ (2,405)	\$ 12,311	\$ (576)	\$ 33,218		\$ (5,425)	\$ 27,793	\$ 1,519	\$ (1,155)	\$ 28,158

¹Workpapers for 09.2015 Commission Basis Reports provided with Andrews' workpapers.

²Used 12ME September 30, 2015 for operating expenses as being representative of calendar 2015, which may slightly understate O&M expenses.

2017 NATURAL GAS ATTRITION REVENUE REQUIREMENT

\$000s		Determine Base Cost and Revenue to Escalate					Escalate Non-Energy Cost					
CBR Line	DESCRIPTION	09.2015		12ME		Escalation Factor	Escalation Amount [E]	Trended 2017 Non-Energy Cost [E]+[G]=[H]	(plus) Revenue Growth [I]	After Attrition Adj AMI Capital Project [J]	2017 Revenue and Cost [H]+[I]+[J] = [K]	
		Commission Basis Report	Regulatory Amorts & Misc Adjs	Pro Forma Revenue Normalization Adjustment	Add 12.2015 Plant							12.2015 AMA Escalation Base
No.		Totals I					*[F]=[G]					
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
FEDERAL INCOME TAX												
27	Current Accrual	\$ (5,606)	\$ (842)	4,309	(202)	\$ (2,341)		(1,899)	(4,239)	532	(404)	(4,112)
28	Debt Interest	\$ (49)	\$ 22	\$ -	\$ (59)	\$ (86)		(349)	(435)		(89)	(524)
29	Deferred FIT	\$ 12,388	\$ -	\$ -	\$ -	\$ 12,388			12,388			12,388
30	Amort ITC	\$ (20)	\$ -	\$ -	\$ -	\$ (20)			(20)			(20)
31	NET OPERATING INCOME	\$ 17,175	\$ (1,585)	\$ 8,002	\$ (316)	\$ 23,277		\$ (3,177)	\$ 20,100	\$ 988	\$ (661)	\$ 20,426
RATE BASE												
PLANT IN SERVICE												
32	Underground Storage	\$ 25,622	\$ -	\$ -	\$ 163	\$ 25,785	10.91%	\$ 2,813	28,598			28,598
33	Distribution Plant	\$ 354,360	\$ -	\$ -	\$ 5,261	\$ 359,621	10.91%	39,238	398,859		8,339	407,198
34	General Plant	\$ 69,725	\$ -	\$ -	\$ 3,449	\$ 73,174	10.91%	7,984	81,158		2,607	83,765
35	Total Plant in Service	\$ 449,707	\$ -	\$ -	\$ 8,873	\$ 458,580		50,036	508,616		10,946	519,562
ACCUMULATED DEPR/AMORT												
36	Underground Storage	\$ (9,824)	\$ -	\$ -	(103)	\$ (9,927)	10.91%	(1,083)	(11,010)			(11,010)
37	Distribution Plant	\$ (119,790)	\$ -	\$ -	(1,320)	\$ (121,110)	10.91%	(13,214)	(134,324)		(278)	(134,602)
38	General Plant	\$ (19,460)	\$ -	\$ -	612	\$ (18,848)	10.91%	(2,057)	(20,905)		(300)	(21,205)
39	Total Accumulated Depr/Amort	\$ (149,074)	\$ -	\$ -	\$ (811)	\$ (149,885)		(16,354)	(166,239)		(578)	(166,817)
40	NET PLANT	\$ 300,633	\$ -	\$ -	\$ 8,062	\$ 308,695		\$ 33,682	\$ 342,377		\$ 10,368	352,745
41	DEFERRED TAXES	\$ (65,625)	\$ -	\$ -	(1,956)	\$ (67,581)	10.91%	(7,374)	(74,955)		(1,365)	(76,320)
42	Net Plant After DFIT	\$ 235,008	\$ -	\$ -	\$ 6,106	\$ 241,114		26,308	267,422		9,003	276,425
43	GAS INVENTORY	\$ 15,143	\$ -	\$ -	\$ -	\$ 15,143	0.00%	-	15,143			15,143
44	GAIN ON SALE OF BUILDING	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	-	-			-
45	OTHER	\$ (509)	\$ -	\$ -	\$ -	\$ (509)	0.00%	-	(509)			(509)
46	WORKING CAPITAL	\$ 14,867	\$ (2,242)	\$ -	\$ -	\$ 12,625	0.00%	-	12,625			12,625
47	TOTAL RATE BASE	\$ 264,509	\$ (2,242)	\$ -	\$ 6,106	\$ 268,373		\$ 26,308	\$ 294,681		\$ 9,003	\$ 303,684
48	RATE OF RETURN	6.49%									\$ 2,176	6.73%
ATTRITION ADJUSTED REVENUE REQUIREMENT												
49	Proposed Rate of Return	7.64%										7.64%
50	Net Operating Income Requirement	\$ 20,208									\$ 23,201	
51	Net Operating Income per Above	17,175									20,426	
52	Net Operating Income Deficiency	\$ 3,033									\$ 2,775	
53	Conversion Factor	0.620003									0.620003	
54	Revenue Requirement	\$ 4,893									\$ 4,477	
55	Revenue Growth Factor										1.018000	
56	Attrition Adjusted Revenue Requirement										\$ 4,397	

NATURAL GAS COST AND REVENUE TREND CALCULATIONS 2007-2015

AVISTA UTILITIES WASHINGTON NATURAL GAS RESULTS

Commission Basis Results of Operations

(000'S OF DOLLARS)

Line No.	DESCRIPTION	2007 Restated Total	2008 Restated Total	2009 Restated Total	2010 Restated Total	2011 Restated Total	2012 Restated Total	2013 Restated Total	2014 Restated Total	09,2015 Restated Total
REVENUES										
1	Total General Business	\$ 209,186	\$ 203,727	\$ 182,706	\$ 142,370	\$ 152,457	\$ 142,048	\$ 144,257	\$ 154,546	\$ 156,631
2	Total Transportation	3,263	3,369	3,275	3,155	3,448	3,627	3,915	3,960	4,008
3	Other Revenues	68,416	153,093	84,085	115,257	98,841	68,107	403	332	5,696
4	Total Gas Revenues	280,865	360,189	270,066	260,782	254,746	213,782	148,575	158,838	166,335
EXPENSES										
Production Expenses										
5	City Gate Purchases	222,364	310,276	194,267	197,494	188,167	139,073	76,801	84,187	86,559
6	Purchased Gas Expense	792	(9,103)	803	800	14	130	891	779	819
7	Net Nat Gas Storage Trans	283	2	10,720	(3,322)	(4,366)	4,352	-	-	-
8	Total Production	223,439	301,175	205,790	194,972	183,815	143,555	77,692	84,966	87,378
Underground Storage										
9	Operating Expenses	451	436	403	380	585	712	820	893	833
10	Depreciation/Amortization	310	276	393	348	395	438	380	402	429
11	Taxes	95	113	121	116	19	17	158	184	278
12	Total Underground Storage	856	825	917	844	999	1,167	1,358	1,479	1,540
Distribution										
13	Operating Expenses	6,467	6,123	7,700	7,696	8,854	9,511	10,820	10,704	11,531
14	Depreciation/Amortization	5,605	5,673	6,064	6,367	6,649	6,978	7,925	8,513	8,925
15	Taxes	9,844	8,941	8,746	7,223	8,051	7,825	8,116	8,719	8,593
16	Total Distribution	21,916	20,737	22,510	21,286	23,554	24,314	26,861	27,936	29,049
17	Customer Accounting	4,487	4,692	5,586	5,234	5,740	5,796	6,270	6,108	6,340
18	Customer Service & Information	4,658	5,169	7,609	9,505	9,777	6,955	983	865	876
19	Sales Expenses	516	442	497	105	3	3	3	-	-
Administrative & General										
20	Operating Expenses	8,901	9,706	9,770	11,383	11,585	13,419	11,862	12,777	13,563
21	Depreciation/Amortization	1,498	1,803	1,999	2,412	2,734	3,276	3,868	4,389	5,206
22	Regulatory Amortizations	(815)	(242)	440	216	(186)	171	91	(91)	(1,505)
23	Taxes	20	17	19	24	-	(1)	-	-	-
24	Total Admin. & General	9,604	11,284	12,228	14,035	14,133	16,865	15,821	17,075	17,264
25	Total Gas Expense	265,476	344,324	255,137	245,981	238,021	198,655	128,988	138,429	142,447
26	OPERATING INCOME BEFORE FIT	15,389	15,865	14,929	14,801	16,725	15,127	19,587	20,409	23,888
FEDERAL INCOME TAX										
27	Current Accrual	5,010	506	2,468	(5,811)	(907)	(1,185)	4,253	(6,945)	(5,606)
28	Debt Interest					63	3	(56)	(137)	(35)
29	Deferred FIT	(1,442)	3,320	1,238	9,594	5,691	5,033	1,403	13,105	12,388
30	Amort ITC	(31)	(31)	(30)	(29)	(27)	(25)	(24)	(20)	(20)
31	NET OPERATING INCOME	\$ 11,852	\$ 12,070	\$ 11,253	\$ 11,047	\$ 11,906	\$ 11,301	\$ 14,011	\$ 14,406	\$ 17,161

Note: The Regulatory Amortizations Category has been restated in prior years to reflect consistency with the current reporting format.

NATURAL GAS COST AND REVENUE TREND CALCULATIONS 2007-2015

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

Commission Basis Results of Operations

Line No.	DESCRIPTION	2007 Restated Total	2008 Restated Total	2009 Restated Total	2010 Restated Total	2011 Restated Total	2012 Restated Total	2013 Restated Total	2014 Restated Total	09.2015 Restated Total
RATE BASE										
PLANT IN SERVICE										
32	Underground Storage	\$ 13,758	\$ 15,260	\$ 21,798	\$ 20,047	\$ 22,008	\$ 24,365	\$ 24,711	\$ 25,235	\$ 25,622
33	Distribution Plant	229,417	240,778	255,976	269,469	281,279	296,152	313,469	337,894	354,360
34	General Plant	21,708	24,256	27,747	33,401	38,971	44,809	52,223	59,169	69,725
35	Total Plant in Service	264,883	280,294	305,521	322,917	342,258	365,326	390,403	422,298	449,707
ACCUMULATED DEPRECIATION/AMORT										
36	Underground Storage	7,427	7,581	7,807	7,912	8,286	8,677	9,088	9,521	9,824
37	Distribution Plant	77,997	81,405	84,021	89,620	97,489	102,678	108,662	114,795	119,790
38	General Plant	7,136	8,309	8,882	10,722	10,926	12,186	14,724	17,429	19,460
39	Total Accumulated Depreciation/Amortization	92,560	97,295	100,710	108,254	116,701	123,541	132,474	141,745	149,074
40	NET PLANT	172,323	182,999	204,811	214,663	225,557	241,785	257,929	280,553	300,633
41	DEFERRED TAXES	(26,823)	(28,945)	(31,005)	(36,762)	(42,004)	(46,498)	(50,170)	(54,652)	(66,769)
42	Net Plant After DFTT	145,500	154,054	173,806	177,901	183,553	195,287	207,759	225,901	233,864
43	GAS INVENTORY	5,607	15,327	8,440	10,226	13,753	13,107	11,702	14,762	15,143
44	GAIN ON SALE OF BUILDING	(197)	(152)	(109)	(44)	(14)	-	-	-	-
45	OTHER	789	452	(1,359)	(1,163)	(1,012)	(816)	(332)	(479)	(509)
46	WORKING CAPITAL	-	-	-	-	-	-	5,695	10,073	14,514
47	TOTAL RATE BASE	\$ 151,699	\$ 169,681	\$ 180,778	\$ 186,920	\$ 196,280	\$ 207,578	\$ 224,824	\$ 250,257	\$ 263,012

Note: The Other (Deferred Debits and Credits) Category has been restated in prior years to reflect consistency with the current reporting format.

NATURAL GAS COST AND REVENUE TREND CALCULATIONS 2007-2015

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

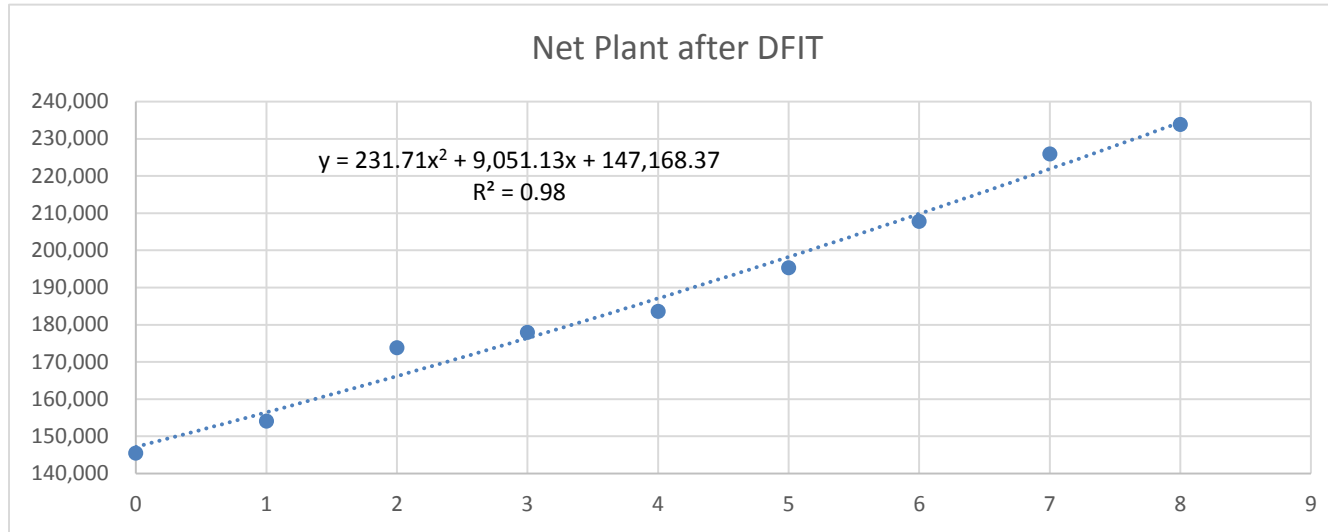
Natural Gas Data for Escalators

Line No.		2007	2008	2009	2010	2011	2012	2013	2014	09.2015
Exclude Gas Cost and Adder Schedule Expenses (DSM Tariff Rider, Decoupling Surcharge/Rebate) from O&M										
1	Underground Storage	451	436	403	380	585	712	820	893	833
2	Distribution	6,467	6,123	7,700	7,696	8,854	9,511	10,820	10,704	11,531
3	Customer Accounting	4,487	4,692	5,586	5,234	5,740	5,796	6,270	6,108	6,340
4	Customer Service and Information	4,658	5,169	7,609	9,505	9,777	6,955	983	865	876
5	Sales	516	442	497	105	3	3	3	0	0
6	Administrative and General	8,901	9,706	9,770	11,383	11,585	13,419	11,862	12,777	13,563
7	Operating expenses excluding production	25,480	26,568	31,565	34,303	36,544	36,396	30,758	31,347	33,143
8	Add Non PGA production O&M expenses	792	783	802	800	981	928	891	779	0
9	Deduct Gas Cost Rev Related Expenses	-1,284	-1,214	-997	-651	-692	-616	-632	-694	0
10	Deduct DSM Tariff Rider Expenses	-3,867	-4,417	-6,833	-8,486	-9,027	-5,990	0	0	0
11	Deduct Decoupling Surcharge/Rebate Expenses	-1	-4	-5	-4	-4	-1	0	0	-694
12	Adjusted Operating Expenses	21,120	21,716	24,532	25,962	27,802	30,717	31,017	31,432	32,449
	Annual Percentage Change	3.30%	2.82%	12.97%	5.83%	7.09%	10.49%	0.98%	1.34%	3.24%
Depreciation/Amortization										
13	Underground Storage	310	276	393	348	395	438	380	402	429
14	Distribution	5,605	5,673	6,064	6,367	6,649	6,978	7,925	8,513	8,925
15	Administrative & General	1,498	1,803	1,999	2,412	2,734	3,276	3,868	4,389	5,206
16	Total Depreciation/Amortization	7,413	7,752	8,456	9,127	9,778	10,692	12,173	13,304	14,560
	Annual Percentage Change	6.46%	4.57%	9.08%	7.94%	7.13%	9.35%	13.85%	9.29%	9.44%
Exclude Adder Schedule amortizations (Decoupling Surcharge/Rebate) from Regulatory Amortizations										
17	Regulatory Amortizations	-815	-242	440	216	-186	171	91	-91	-1,505
18	Deduct Decoupling Surcharge/Rebate Expenses	-85	-432	-710	-494	-494	-184	0	0	0
19	Adjusted Regulatory Amortizations	-900	-674	-270	-278	-680	-13	91	-91	-1,505
Exclude Gas Cost and Adder Schedule excise taxes (DSM Tariff Rider, Decoupling Surcharge/Rebate) from Taxes Other Than Income Tax										
20	Underground Storage	95	113	121	116	19	17	158	184	278
21	Distribution	9,844	8,941	8,746	7,223	8,051	7,825	8,116	8,719	8,593
22	Administrative & General	20	17	19	24	0	-1	0	0	0
23	Total Taxes Other Than Income	9,959	9,071	8,886	7,363	8,070	7,841	8,274	8,903	8,871
24	Deduct Gas Cost Excise Tax	-6,261	-5,917	-4,858	-3,171	-3,374	-3,003	-3,083	-3,380	0
25	Deduct DSM Tariff Rider Excise Tax	-154	-176	-272	-338	-359	-239	0	0	0
26	Deduct Decoupling Surcharge/Rebate Excise Tax	-3	-17	-28	-20	-20	-7	0	0	-3,380
27	Adjusted Taxes Other Than Income	3,541	2,961	3,728	3,834	4,317	4,592	5,191	5,523	5,491
	Annual Percentage Change	-1.34%	-16.38%	25.90%	2.84%	12.59%	6.38%	13.04%	6.40%	-0.58%
28	Net Plant After Deferred Income Tax	145,500	154,054	173,806	177,901	183,553	195,287	207,759	225,901	233,864
	Annual Percentage Change	3.35%	5.88%	12.82%	2.36%	3.18%	6.39%	6.39%	8.73%	3.52%
29	Total Rate Base	151,699	169,681	180,778	186,920	196,280	207,578	224,824	250,257	263,012
	Annual Percentage Change	1.56%	11.85%	6.54%	3.40%	5.01%	5.76%	8.31%	11.31%	5.10%
Exclude Gas Cost Deferral related and JP Storage non-recurring revenues from Other Operating Revenue										
30	Other Operating Revenue	68,416	153,093	84,085	115,257	98,841	68,107	403	332	5,696
31	Deduct Gas Cost Deferral related revenues	-66,686	-153,018	-83,992	-115,193	-98,794	-67,822	0	0	0
32	Deduct JP Storage allocated revenue (ended 2007)	-1,717	0	0	0	0	0	0	0	0
33	Eliminate Decoupling Deferred Revenue and Provision for Rate Refund									-5,413
34	Adjusted Other Operating Revenue	13	75	93	64	47	285	403	332	283
	Annual Percentage Change	18.18%	476.92%	24.00%	-31.18%	-26.56%	506.38%	41.40%	-17.62%	-14.76%

Avista Proposed Based on Commission Order No. 05, Docket No. UG-150205

09.2015

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net Plant after DFIT	145,500	154,054	173,806	177,901	183,553	195,287	207,759	225,901	233,864
	0	1	2	3	4	5	6	7	8
Net Plant after DFIT	145,500	154,054	173,806	177,901	183,553	195,287	207,759	225,901	233,864



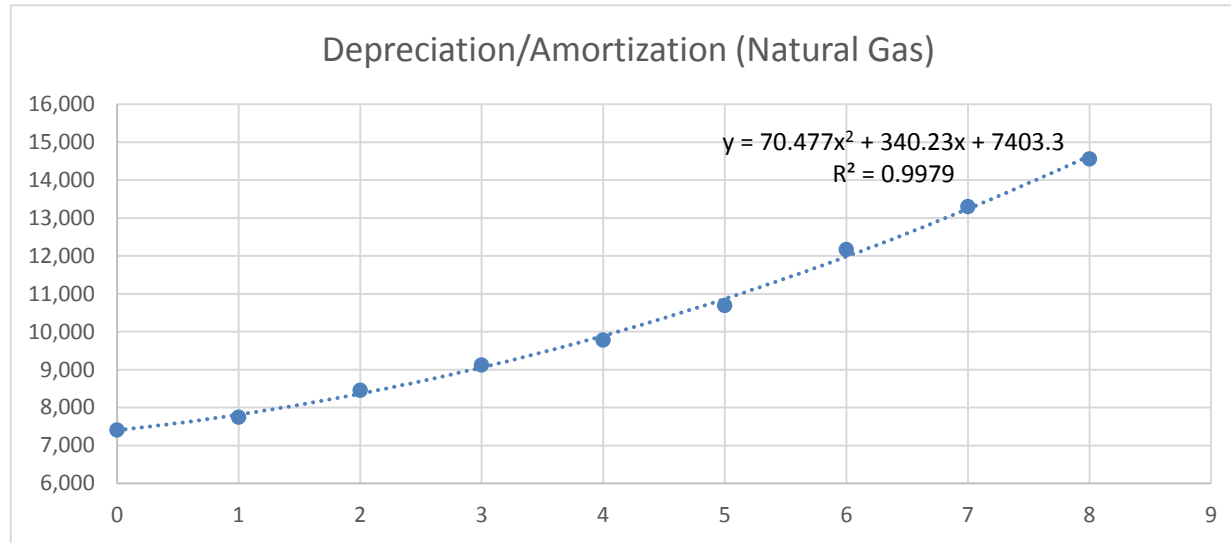
	x	C
Derivative of Quadratic (below)	463.42	9,051
x = 8 (2015 is year 8)	3707.36	
Sum (x and C)		12,758
rate (1-year)		5.46%
rate (2-year)		10.91%

Escalation factor (to 2017)

Avista Proposed Based on Commission Order No. 05, Docket No. UG-150205

09.2015

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Depreciation/Amortization	7,413	7,752	8,456	9,127	9,778	10,692	12,173	13,304	14,560
	0	1	2	3	4	5	6	7	8
Depreciation/Amortization	7,413	7,752	8,456	9,127	9,778	10,692	12,173	13,304	14,560

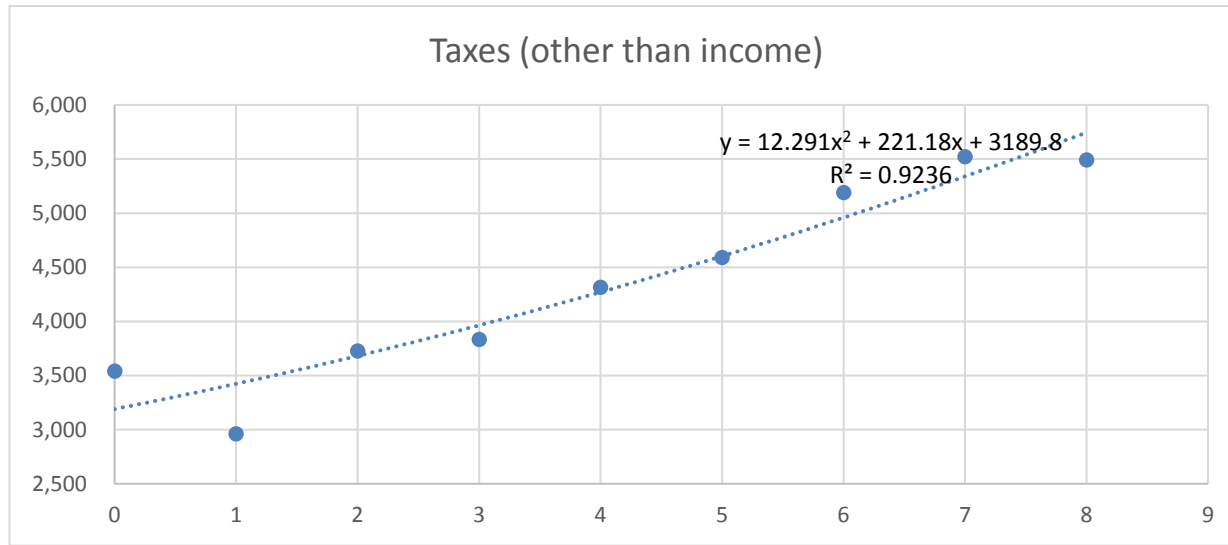


	x	C
Derivative of Quadratic (below)	140.954	340.23
x = 8 (2015 is year 8)	1127.632	
Sum (x and C)		1467.862
rate (1-year)		10.08%
rate (2-year)		20.16% Escalation factor (to 2017)

Avista Proposed Based on Commission Order No. 05, Docket No. UG-150205

09.2015

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Taxes (other than income)	3,541	2,961	3,728	3,834	4,317	4,592	5,191	5,523	5,491
	0	1	2	3	4	5	6	7	8
Taxes (other than income)	3,541	2,961	3,728	3,834	4,317	4,592	5,191	5,523	5,491



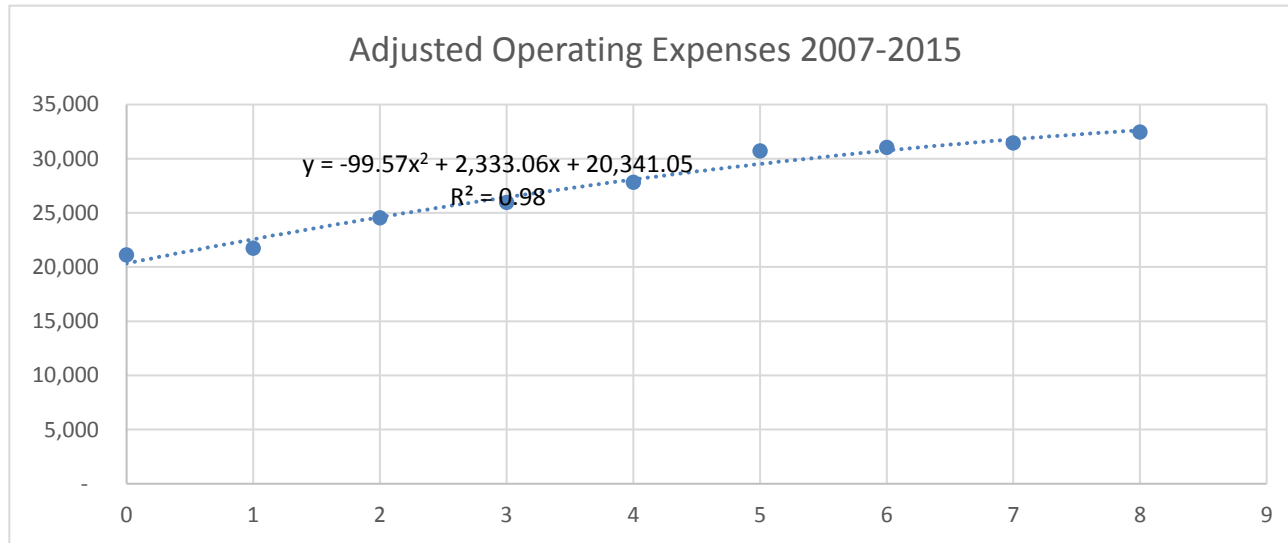
	x	C
Derivative of Quadratic (below)	24.582	221.18
x = 8 (2015 is year 8)	196.656	
Sum (x and C)		417.836
rate (1-year)		7.61%
rate (2-year)		15.22%

Escalation factor (to 2017)

Avista Proposed O&M Expenses Growth Trend

09.2015

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Adjusted Operating Expenses	21,120	21,716	24,532	25,962	27,802	30,717	31,017	31,432	32,449
	0	1	2	3	4	5	6	7	8
Adjusted Operating Expenses	21,120	21,716	24,532	25,962	27,802	30,717	31,017	31,432	32,449



	x	C
Derivative of Quadratic (below)	-199.2	2,333
x = 8 (2015 is year 8)	-1593.6	
Sum (x and C)		739
rate (1-year)		2.28%
rate (2-year)		4.56%

Escalation factor (to 2017)

**BILLING DETERMINANT INDEX
09.2015 TO 2017 WEIGHTED REVENUE GROWTH**

Line No.	Description A	Schedule B	Billing Determinant C	Revenue Model Sept 2015 D	Forecast 2017 E	Billing Determinant Growth F=(E-D)/D	Revenue Sept 2015 G	Weight H=G/SUM G	Weighted Growth I=FxH	
1	General Svc	101	Basic/Min	1,807,677	1,852,506	2.48%	\$16,269,093	19.35%	0.48%	\$403,460
2	Lrg Gen Svc	111/112	Basic/Min	31,406	32,350	3.00%	\$3,185,825	3.79%	0.11%	\$95,712
3	Ex Lrg Gen Svc	121/122	Basic/Min	324	334	3.23%	\$81,739	0.10%	0.00%	\$2,640
4	Interruptible Svc	131/132	Basic/Min	24	24	0.00%	\$0	0.00%	0.00%	\$0
5	General Svc	101	Volumes	119,361,176	120,603,006	1.04%	\$51,084,521	60.77%	0.63%	\$531,482
6	Lrg Gen Svc	111/112	Volumes	47,375,864	48,898,711	3.21%	\$12,037,805	14.32%	0.46%	\$386,943
7	Ex Lrg Gen Svc	121/122	Volumes	5,175,510	5,913,945	14.27%	\$1,202,621	1.43%	0.20%	\$171,588
8	Interruptible Svc	131/132	Volumes	931,617	955,019	2.51%	\$195,654	0.23%	0.01%	\$4,915
9	Total			172,844,167	176,370,681		\$84,057,258	100.00%	1.90%	\$1,596,739
10	Transportation Svc	146	Basic/Min	456	479	5.06%	\$270,633	6.13%	0.31%	\$13,681
11	Special Contract	148	Basic/Min	60	63	5.40%	\$325,584	7.37%	0.40%	\$17,567
12	Transportation Svc	146	Volumes	29,762,848	29,395,864	-1.23%	\$2,558,062	57.92%	-0.71%	-\$31,542
13	Special Contract	148	Volumes	48,141,846	47,979,303	-0.34%	\$1,262,060	28.58%	-0.10%	-\$4,261
14	Total			77,904,694	77,375,167		\$4,416,339	100.00%	-0.10%	-\$4,554
15	General Svc	101	Total Revenue				\$67,353,614			\$934,942
16	Lrg Gen Svc	111/112	Total Revenue				\$15,223,630			\$482,655
17	Ex Lrg Gen Svc	121/122	Total Revenue				\$1,284,359			\$174,228
18	Interruptible Svc	131/132	Total Revenue				\$195,654			\$4,915
19	Transportation Svc	146	Total Revenue				\$2,828,695			-\$17,860
20	Special Contract	148	Total Revenue				\$1,587,644			\$13,306
21	Total						\$88,473,597			\$1,592,185