

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,)	
)	
Complainant,)	
)	Docket No. UE-140188
v.)	Docket No. UG-140189
)	
AVISTA CORPORATION d/b/a)	<i>(consolidated)</i>
AVISTA UTILITIES,)	
)	
Respondent.)	
_____)	

EXHIBIT NO.____(BGM-3)

ATTRITION STUDY ADJUSTMENT CALCULATION FOR COST OF CAPITAL

July 22, 2014

EXHIBIT NO.__(BGM-3)
2015 ELECTRIC ATTRITION STUDY
Adjustment ICNU-1: Cost of Capital
Washington - Electric System
Twelve Months Ended June 30, 2013
(000's of Dollars)

Line No.	Description	(a) Attrition Balances	(b) Revenue Growth Factor	(c) Attrition Adjusted Balances	(d) After Attrition Adjustments	(e) Final Balances	(f) 2014 Temporary Rate Increase	(g) Adjusted 2015 Rev Req.	(h) Company Filing	(i) Adjustment Amount
1	Attrition Rate Base	1,393,325	1.020771	\$1,364,972	\$472	\$1,365,444				
2	Proposed Rate of Return			7.17%	7.17%	7.17%				
3	Net Operating Income Requirement			\$97,869	\$34	\$97,902				
4	Attrition Net Operating Income	\$87,245	1.020771	\$85,470	\$214	\$85,684				
5	Net Operating Income Deficiency			\$12,399	(\$180)	\$12,218				
6	Conversion Factor			0.62074	0.62074	0.62074				
7	Attrition Revenue Requirement			\$19,976	(\$290)	\$19,683	\$14,054	\$5,629	\$18,201	(\$12,572)
8	Total General Business Revenues					\$466,872		\$480,926	\$480,926	\$480,926
9	Percentage Revenue Increase					4.22%		1.17%	3.78%	-2.61%