

**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)	(consolidated)
AVISTA UTILITIES,)	
)	
Respondent.)	
_____)	

EXHIBIT NO.____(BGM-4)

**PRO FORMA CROSS CHECK STUDY ADJUSTMENT CALCULATION
FOR COST OF CAPITAL**

July 22, 2014

EXHIBIT NO. ___(BGM-4)

ICNU REVENUE REQUIREMENT ADJUSTMENTS 1 - COST OF CAPITAL

PRO FORMA CROSS CHECK STUDY

TWELVE MONTHS ENDED JUNE 30, 2013

(000'S OF DOLLARS)

Line No.	DESCRIPTION	ORIGINAL PRO FORMA CROSS CHECK STUDY			ICNU-1: COST OF CAPITAL		
		Company Filing (2014 Rates)	Proposed Rev. Req. Increase	Company Filing (Prop. Rates)	Company Filing w/ New Cost of Capital	Rev. Req. Increase / (Decrease)	ICNU-1 Results of Operations
REVENUES							
1	Total General Business	\$480,077	18,201	\$498,278	\$498,278	(11,878)	\$486,399
2	Interdepartmental Sales	849	-	849	849	-	849
3	Sales for Resale	43,789	-	43,789	43,789	-	43,789
4	Total Sales of Electricity	\$524,715	\$18,201	\$542,916	\$542,916	(\$11,878)	\$531,037
5	Other Revenue	14,218	-	14,218	14,218	-	14,218
6	Total Electric Revenue	\$538,933	\$18,201	\$557,134	\$557,134	(\$11,878)	\$545,255
EXPENSES							
Production and Transmission							
7	Operating Expenses	135,895	-	135,895	135,895	-	135,895
8	Purchased Power	75,846	-	75,846	75,846	-	75,846
9	Depreciation/Amortization	25,046	-	25,046	25,046	-	25,046
10	Regulatory Amortization	6,646	-	6,646	6,646	-	6,646
11	Taxes	14,242	-	14,242	14,242	-	14,242
12	Total Production & Transmission	257,675	-	257,675	257,675	-	257,675
Distribution							
13	Operating Expenses	20,883	-	20,883	20,883	-	20,883
14	Depreciation/Amortization	24,863	-	24,863	24,863	-	24,863
15	Taxes	24,358	702	25,060	25,060	(458)	24,602
16	Total Distribution	70,104	702	70,806	70,806	(458)	70,348
17	Customer Accounting	10,669	81	10,750	10,750	(53)	10,697
18	Customer Service & Information	6,717	-	6,717	6,717	-	6,717
19	Sales Expenses	8	-	8	8	-	8
Administrative & General							
20	Operating Expenses	45,151	36	45,187	45,187	(24)	45,163
21	Depreciation/Amortization	23,995	-	23,995	23,995	-	23,995
22	Taxes	-	-	-	-	-	-
23	Total Admin. & General	69,146	36	69,182	69,182	(24)	69,158
24	Total Electric Expenses	414,318	819	415,138	415,138	(535)	414,603
25	OPERATING INCOME BEFORE FIT	124,615	17,381	141,996	141,996	(11,344)	130,652
FEDERAL INCOME TAX							
26	Current Accrual	21,518	6,084	27,602	27,602	(3,970)	23,632
27	Debt Interest	(1,657)	-	(1,657)	(1,657)	-	(1,657)
28	Deferred Income Taxes	10,942	-	10,942	10,942	-	10,942
29	Amortized Investment Tax Credit	(167)	-	(167)	(167)	-	(167)
30	NET OPERATING INCOME	93,978	11,298	105,276	105,276	(7,373)	97,902

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(000'S OF DOLLARS)

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		Company Filing (2014 Rates)	Proposed Rev. Req. Increase	Company Filing (Prop. Rates)	Company Filing w/ New Cost of Capital	Rev. Req. Increase / (Decrease)	ICNU-1 Results of Operations
	RATE BASE						
	PLANT IN SERVICE						
31	Intangible	\$153,641	\$0	\$153,641	\$153,641	\$0	\$153,641
32	Production	805,432	-	805,432	805,432	-	805,432
33	Transmission	395,439	-	395,439	395,439	-	395,439
34	Distribution	880,489	-	880,489	880,489	-	880,489
35	General	210,391	-	210,391	210,391	-	210,391
36	Total Plant in Service	\$2,445,392	\$0	\$2,445,392	\$2,445,392	\$0	\$2,445,392
	ACCUMULATED DEPRECIATION						
37	Intangible	(37,795)	-	(37,795)	(37,795)	-	(37,795)
38	Production	(346,908)	-	(346,908)	(346,908)	-	(346,908)
39	Transmission	(135,393)	-	(135,393)	(135,393)	-	(135,393)
40	Distribution	(283,800)	-	(283,800)	(283,800)	-	(283,800)
41	General	(82,594)	-	(82,594)	(82,594)	-	(82,594)
42	Total Accumulated Depreciation	(886,490)	-	(886,490)	(886,490)	-	(886,490)
43	NET PLANT BEFORE DFIT	1,558,902	-	1,558,902	1,558,902	-	1,558,902
44	DEFERRED TAXES	(239,049)	-	(239,049)	(239,049)	-	(239,049)
45	NET PLANT AFTER DFIT	1,319,853	-	1,319,853	1,319,853	-	1,319,853
46	DEFERRED DEBITS AND CREDITS	11,623		11,623	11,623		11,623
47	WORKING CAPITAL	33,968	-	33,968	33,968	-	33,968
48	TOTAL RATE BASE	1,365,444	-	1,365,444	1,365,444	-	1,365,444
49	RATE OF RETURN	7.71%	7.71%	7.71%	7.17%	7.17%	7.17%
	REQUIRED RETURN ON RATE BASE	105,276	-	105,276	97,902	-	97,902
	Over / (under) collection	(11,298)		0	7,373		(0)
	Revenue Req to Cover	18,201		(0)	(11,878)		0
	% of 2014 Rates	3.78%		0.00%	-2.47%		0.00%