

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION, DBA
AVISTA UTILITIES,

Respondent.

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)
) DOCKET NOS. UE-140188 and
) UG-140189 (*Consolidated*)
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EXHIBIT NO.__(MPG-25)

ATTRITION REVENUE REQUIREMENT

July 22, 2014

Avista Corporation

Avista's 2015 Natural Gas Attrition Revenue Requirement - Gorman Adjusted

CBR Line No.	DESCRIPTION	Determine Base Cost and Revenue to Escalate					Escalate Non-Energy Cost			Other Cost & Revenue Adjustments		
		June 2013 Commission Basis Report	06.2013 Ending Balance Plant Adjustment	Incremental Revenue Normalization Adjustment	Exclude Normalized Gas Costs and Revenue	June 2013 Escalation Base	Escalation Factor	Escalation Amount	Trended 2015 Non-Energy Cost	(plus) 06.2013 Pro- Formed Gas Cost/Revenue	(plus) Revenue Growth	2015 Revenue and Cost
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
REVENUES												
1	Total General Business	\$ 136,330	\$ -	\$ 8,564	\$ (82,872)	\$ 62,022	2.05%		62,022	\$ 82,872	\$ 2,967	\$ 147,861
2	Total Transportation	\$ 3,752	\$ -	\$ (1,519)	\$ 1,544	\$ 3,777	6.48%		3,777	\$ 245	\$ 4,022	
3	Other Revenues	\$ 70,583	\$ -	\$ (68,633)	\$ (1,544)	\$ 406	0.00%		406	\$ -	\$ 406	
4	Total Gas Revenues	\$ 210,665	\$ -	\$ (61,588)	\$ (82,872)	\$ 66,205			\$ 66,205	\$ 82,872	\$ 3,211	\$ 152,288
EXPENSES												
Production Expenses												
5	City Gate Purchases	\$ 134,135	\$ -	\$ (54,976)	\$ (79,159)	\$ -			-	\$ 79,159	1,665	80,824
6	Purchased Gas Expense	\$ 833	\$ -	\$ 2	\$ -	\$ 835	4.82%	40	875			875
7	Net Nat Gas Storage Trans	\$ 4,232	\$ -	\$ (4,232)	\$ -	\$ -			-			-
8	Total Production	\$ 139,200	\$ -	\$ (59,206)	\$ (79,159)	\$ 835			\$ 875	\$ 79,159	\$ 1,665	\$ 81,699
Underground Storage												
9	Operating Expenses	\$ 821	\$ -	\$ -	\$ -	\$ 821	4.82%	40	861			861
10	Depreciation/Amortization	\$ 409	\$ (29)	\$ -	\$ -	\$ 380	11.30%	43	423			423
11	Taxes	\$ 25	\$ -	\$ -	\$ -	\$ 25	10.96%	3	28			28
12	Total Underground Storage	\$ 1,255	\$ (29)	\$ -	\$ -	\$ 1,226			\$ 1,311	\$ -	\$ -	\$ 1,311
Distribution												
13	Operating Expenses	\$ 10,193	\$ -	\$ -	\$ -	\$ 10,193	4.82%	491	10,684			10,684
14	Depreciation/Amortization	\$ 7,375	\$ 536	\$ -	\$ -	\$ 7,911	11.30%	894	8,805			8,805
15	Taxes	\$ 8,195	\$ -	\$ 329	\$ (3,178)	\$ 5,346	10.96%	586	5,932	\$ 3,178	\$ 114	9,224
16	Total Distribution	\$ 25,763	\$ 536	\$ 329	\$ (3,178)	\$ 23,450			\$ 25,421	\$ 3,178	\$ 114	\$ 28,713
17	Customer Accounting	\$ 5,779	\$ -	\$ 39	\$ (369)	\$ 5,449	4.82%	263	5,712	\$ 369	\$ 13	6,094
18	Customer Service & Information	\$ 6,066	\$ -	\$ (5,058)	\$ -	\$ 1,008	4.82%	49	1,057			1,057
19	Sales Expenses	\$ 5	\$ -	\$ -	\$ -	\$ 5	4.82%	0	5			5
Administrative & General												
20	Operating Expenses	\$ 12,494	\$ 180	\$ 17	\$ (166)	\$ 12,525	0.00%	-	12,525	\$ 166	\$ 6	12,697
21	Depreciation/Amortization	\$ 3,473	\$ 353	\$ -	\$ -	\$ 3,826	11.30%	432	4,258			4,258
22	Regulatory Amortizations	\$ 29	\$ -	\$ (29)	\$ -	\$ -	0.00%	-	-			-
23	Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	10.96%	-	-			-
24	Total Admin. & General	\$ 15,996	\$ 533	\$ (12)	\$ (166)	\$ 16,351			\$ 16,783	\$ 166	\$ 6	\$ 16,955
25	Total Gas Expense	\$ 194,064	\$ 1,040	\$ (63,908)	\$ (82,872)	\$ 48,324			\$ 51,164	\$ 82,872	\$ 1,798	\$ 135,834
26	OPERATING INCOME BEFORE FIT	\$ 16,601	\$ (1,040)	\$ 2,320	\$ -	\$ 17,881			\$ (2,840)	\$ 15,041	\$ -	\$ 14,141

Avista Corporation

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		June 2013 Commission Basis Report	06.2013 Ending Balance Plant	Incremental Revenue Normalization	Exclude Normalized Gas Costs and Revenue	June 2013 Escalation Base	Escalation Factor	Escalation Amount	Trended 2015 Non-Energy Cost	(plus) 06.2013 Pro- Formed Gas Cost/Revenue	(plus) Revenue Growth	2015 Revenue and Cost
		Restated Totals	Adjustment	Adjustment	Revenue							
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
	FEDERAL INCOME TAX											
27	Current Accrual	\$ (267)	\$ (364)	\$ 812	\$ 181		(994)	(813)	-	495	(318)	
28	Debt Interest	\$ (43)	\$ (53)	\$ (41)	\$ (136)		(79)	(215)			(215)	
29	Deferred FIT	\$ 4,568	\$ -	\$ -	\$ 4,568			4,568			4,568	
30	Amort ITC	\$ (25)	\$ -	\$ -	\$ (25)			(25)			(25)	
31	NET OPERATING INCOME	\$ 12,367	\$ (623)	\$ 1,549	\$ -	\$ 13,293	\$ (1,767)	\$ 11,526	\$ -	\$ 919	\$ 12,444	
	RATE BASE											
	PLANT IN SERVICE											
32	Underground Storage	\$ 24,503	\$ 97	\$ -	\$ 24,600	10.46%	\$ 2,573	27,173			\$ 27,173	
33	Distribution Plant	\$ 301,840	\$ 7,007	\$ 3,943	\$ 312,790	10.46%	32,718	345,508			345,508	
34	General Plant	\$ 47,010	\$ 4,721	\$ -	\$ 51,731	10.46%	5,411	57,142			57,142	
35	Total Plant in Service	\$ 373,353	\$ 11,825	\$ 3,943	\$ -	\$ 389,121		40,702	429,823		429,823	
	ACCUMULATED DEPRECIATION/AMORT											
36	Underground Storage	\$ (8,882)	\$ (168)	\$ -	\$ (9,050)	10.46%	(947)	(9,997)			(9,997)	
37	Distribution Plant	\$ (105,608)	\$ (3,555)	\$ (49)	\$ (109,212)	10.46%	(11,424)	(120,636)			(120,636)	
38	General Plant	\$ (13,057)	\$ (2,030)	\$ -	\$ (15,087)	10.46%	(1,578)	(16,665)			(16,665)	
39	Total Accumulated Depreciation/Amortization	\$ (127,547)	\$ (5,753)	\$ (49)	\$ -	\$ (133,349)		(13,948)	(147,297)		(147,297)	
40	NET PLANT	\$ 245,806	\$ 6,072	\$ 3,894	\$ -	\$ 255,772		\$ 26,754	\$ 282,526		282,526	
41	DEFERRED TAXES	\$ (48,113)	\$ (1,117)	\$ (33)	\$ (49,263)	10.46%	(5,153)	(54,416)			(54,416)	
42	Net Plant After DFIT	\$ 197,693	\$ 4,955	\$ 3,861	\$ -	\$ 206,509		21,601	228,110		228,110	
43	GAS INVENTORY	\$ 11,341	\$ -	\$ -	\$ 11,341	0.00%	-	11,341			11,341	
44	GAIN ON SALE OF BUILDING	\$ -	\$ -	\$ -	\$ -	0.00%	-	-			-	
45	OTHER	\$ (461)	\$ -	\$ -	\$ (461)	0.00%	-	(461)			(461)	
46	WORKING CAPITAL	\$ 4,902	\$ -	\$ -	\$ 4,902	0.00%	-	4,902			4,902	
47	TOTAL RATE BASE	\$ 213,475	\$ 4,955	\$ 3,861	\$ -	\$ 222,291		\$ 21,601	\$ 243,892		\$ 243,892	
48	RATE OF RETURN	5.79%					5.10%					
	ATTRITION ADJUSTED REVENUE REQUIREMENT											
49	Proposed Rate of Return	7.18%					7.18%					
50	Net Operating Income Requirement	\$ 15,323					\$ 15,956					
51	Net Operating Income per Above	12,367					13,293					
52	Net Operating Income Deficiency	\$ 2,956					\$ 2,663					
53	Conversion Factor	0.62088					0.62088					
54	Revenue Requirement	\$ 4,760					\$ 4,289					
55	Revenue Growth Factor						1.02160					
56	Attrition Adjusted Revenue Requirement						\$ 7,981					