

**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-26)**

**CAPITAL ACCOUNT ESCALATION RATE**

**July 22, 2014**

## Avista Corporation

### Capital Account Escalation Rate

(Example)

<u>Year</u> (1)	<u>Gross Plant</u> (2)	<u>Accumulated Depreciation</u> (3)	<u>Net Plant</u> (4)	<u>Depreciation Expense</u> (5)	<u>Capital Additions</u> (6)	<u>Escalation Rates</u>			
						<u>Gross Plant</u> (7)	<u>Net Plant</u> (8)	<u>Depreciation Expense</u> (9)	<u>Capital Additions</u> (10)
1	\$1,000	\$300	\$700	\$30	\$125				
2	\$1,125	\$330	\$795	\$34	\$129	13%	14%	13%	3.0%
3	\$1,254	\$364	\$890	\$38	\$133	11%	12%	11%	3.0%
4	\$1,386	\$401	\$985	\$42	\$137	11%	11%	11%	3.0%
5	\$1,523	\$443	\$1,080	\$46	\$141	10%	10%	10%	3.0%
6	\$1,664	\$489	\$1,175	\$50	\$145	9%	9%	9%	3.0%
7	\$1,809	\$539	\$1,270	\$54	\$149	9%	8%	9%	3.0%
8	\$1,958	\$593	\$1,365	\$59	\$154	8%	7%	8%	3.0%
9	\$2,112	\$652	\$1,460	\$63	\$158	8%	7%	8%	3.0%
10	\$2,270	\$715	\$1,555	\$68	\$163	7%	7%	7%	3.0%
11	\$2,433	\$783	\$1,650	\$73	\$168	7.2%	6.1%	7.2%	3.0%
5 Year Avg Compound Avg. Escalation Rate						8.3%	7.6%	8.3%	3.0%
5 Year Avg Arithmetic Avg. Escalation Rate						8.3%	7.6%	8.3%	3.0%