

**Exh. KMH-8
Dockets UE-240006/UG-240007
Witness: Kristen M. Hillstead**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

AVISTA CORPORATION,

Respondent.

**DOCKETS UE-240006 & UG-240007
(Consolidated)**

EXHIBIT TO

TESTIMONY OF

KRISTEN M. HILLSTEAD

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Staff's Proposed Revenue Requirement Increase (Natural Gas)

July 3, 2024

**STAFF'S PROPOSED REVENUE REQUIREMENT
AVISTA'S WASHINGTON NATURAL GAS
TWELVE MONTHS ENDED JUNE 30, 2023
(000'S OF DOLLARS
Expected Effective Date December 21, 2024**

| | | December 2024 RY1 | | | | | | |
|-------------------------------------|---|---------------------------|---------------------------|----------------------------|-----------------------------|--------------------------------------|---------------------------------|------------------------|
| | | WITH PRESENT RATES | | | | WITH 12.2024 PROPOSED RATES | | |
| Line No. | DESCRIPTION | Actual Per Results Report | Total Restate Adjustments | Restated Results Total (1) | Total Pro Forma Adjustments | Pro Forma 12.2024 Adjusted Total (2) | Proposed Revenues & Related Exp | 12.2024 Proposed Total |
| | a | b | c | d | e | f | g | h |
| REVENUES | | | | | | | | |
| 1 | Total General Business | \$246,541 | \$ (35,172) | \$211,369 | \$ (89,786) | \$121,583 | \$11,297 | \$132,880 |
| 2 | Total Transportation | 5,180 | (120) | 5,060 | 333 | 5,393 | | 5,393 |
| 3 | Other Revenues | 37,118 | (34,031) | 3,087 | (2,370) | 717 | | 717 |
| 4 | Total Gas Revenues | 288,839 | (69,323) | 219,516 | (91,823) | 127,693 | 11,297 | 138,990 |
| EXPENSES | | | | | | | | |
| Production Expenses | | | | | | | | |
| 5 | City Gate Purchases | 139,821 | (49,451) | 90,370 | (90,371) | (1) | | (1) |
| 6 | Purchased Gas Expense | 869 | - | 869 | 66 | 935 | | 935 |
| 7 | Net Nat Gas Storage Trans | 8,789 | (8,789) | - | - | - | | - |
| 8 | Total Production | 149,479 | (58,240) | 91,239 | (90,305) | 934 | - | 934 |
| Underground Storage | | | | | | | | |
| 9 | Operating Expenses | 2,062 | - | 2,062 | 0 | 2,062 | | 2,062 |
| 10 | Depreciation | 512 | - | 512 | 54 | 566 | | 566 |
| 11 | Taxes | 161 | 32 | 193 | 57 | 250 | | 250 |
| 12 | Total Underground Storage | 2,735 | 32 | 2,767 | 112 | 2,879 | - | 2,879 |
| Distribution | | | | | | | | |
| 13 | Operating Expenses | 12,916 | (5) | 12,911 | (434) | 12,477 | | 12,477 |
| 14 | Depreciation | 16,440 | (11) | 16,429 | 2,065 | 18,494 | | 18,494 |
| 15 | Taxes | 21,003 | (9,457) | 11,546 | (2,540) | 9,006 | 433 | 9,439 |
| 16 | Total Distribution | 50,359 | (9,473) | 40,886 | (908) | 39,978 | 433 | 40,411 |
| 17 | Customer Accounting | 3,993 | 795 | 4,788 | (200) | 4,588 | 56 | 4,644 |
| 18 | Customer Service & Information | 14,067 | (13,331) | 736 | 97 | 833 | | 833 |
| 19 | Sales Expenses | - | - | - | - | - | | - |
| Administrative & General | | | | | | | | |
| 20 | Operating Expenses | 24,398 | 104 | 24,502 | 1,203 | 25,705 | 45 | 25,750 |
| 21 | Depreciation/Amortization | 12,802 | - | 12,802 | 2,373 | 15,175 | | 15,175 |
| 22 | Regulatory Amortizations | 1,612 | 1 | 1,613 | (1,787) | (174) | | (174) |
| 23 | Taxes | 1,132 | - | 1,132 | 1 | 1,133 | | 1,133 |
| 24 | Total Admin. & General | 39,944 | 105 | 40,049 | 1,790 | 41,840 | 45 | 41,885 |
| 25 | Total Gas Expense | 260,577 | (80,112) | 180,465 | (89,414) | 91,051 | 534 | 91,585 |
| 26 | OPERATING INCOME BEFORE FIT | 28,262 | 10,789 | 39,051 | (2,409) | 36,642 | 10,763 | 47,405 |
| FEDERAL INCOME TAX | | | | | | | | |
| 27 | Current Accrual | (4,387) | 2,323 | (2,064) | (506) | (2,570) | 2,260 | (310) |
| 28 | Debt Interest | - | (62) | (62) | (222) | (284) | | (284) |
| 29 | Deferred FIT | (3,743) | (101) | (3,844) | 136 | (3,708) | | (3,708) |
| 30 | Amort ITC | - | 9,626 | 9,626 | - | 9,626 | | 9,626 |
| 31 | NET OPERATING INCOME | 36,392 | (996) | 35,396 | (1,817) | 33,579 | 8,503 | 42,082 |
| RATE BASE: PLANT IN SERVICE | | | | | | | | |
| 32 | Underground Storage | 34,500 | 550 | 35,050 | 3,389 | 38,439 | | 38,439 |
| 33 | Distribution Plant | 650,523 | 21,260 | 671,783 | 72,533 | 744,316 | | 744,316 |
| 34 | General Plant | 161,473 | 2,797 | 164,270 | 5,150 | 169,420 | | 169,420 |
| 35 | Total Plant in Service | 846,495 | 24,607 | 871,102 | 81,072 | 952,174 | - | 952,174 |
| ACCUMULATED DEPREC/AMORT | | | | | | | | |
| 36 | Underground Storage | (13,149) | (258) | (13,407) | (1,086) | (14,493) | | (14,493) |
| 37 | Distribution Plant | (188,334) | (7,739) | (196,073) | (30,400) | (226,473) | | (226,473) |
| 38 | General Plant | (62,353) | (4,319) | (66,672) | (5,244) | (71,916) | | (71,916) |
| 39 | Total Accum. Depreciation/Amort. | (263,836) | (12,316) | (276,152) | (36,730) | (312,882) | - | (312,882) |
| 40 | NET PLANT | 582,659 | 12,291 | 594,950 | 44,342 | 639,292 | - | 639,292 |
| 41 | DEFERRED FIT | (84,772) | (107) | (84,879) | (1,082) | (85,961) | | (85,961) |
| 42 | Net Plant After DFIT | 497,887 | 12,184 | 510,071 | 43,260 | 553,331 | | 553,331 |
| 43 | GAS INVENTORY | 19,552 | - | 19,552 | - | 19,552 | | 19,552 |
| 44 | GAIN ON SALE OF BUILDING | - | - | - | - | - | | - |
| 45 | OTHER | 943 | - | 943 | (2,141) | (1,198) | | (1,198) |
| 46 | WORKING CAPITAL | 15,047 | (648) | 14,399 | - | 14,399 | | 14,399 |
| 47 | TOTAL RATE BASE | 533,429 | 11,536 | 544,965 | 41,119 | 586,084 | 0 | 586,084 |
| 48 | RATE OF RETURN | 6.82% | | 6.50% | | 5.73% | | 7.18% |