

Exhibit No. CSH-3
Dockets UE-160228/UG-160229
Witness: Christopher S. Hancock

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION d/b/a
AVISTA UTILITIES,

Respondent.

DOCKETS UE-160228 and
UG-160229 (*Consolidated*)

EXHIBIT TO
TESTIMONY OF

CHRISTOPHER S. HANCOCK

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Derivation of Natural Gas Attrition Adjustment

August 17, 2016

Staff's Calculation of an Attrition Adjustment to the Modified Historical Test Year

Avista Utilities - Natural Gas

Line	Name	Source:	[A] CSH-5 12ME Dec2017	[B] CSH-7 12ME Jun2018	[C] = ([A]+[B]) + 2 Annualized Figure	[D] JH-3 Staff's MHTY	[E] = [C] - [D] Adj. 4.08 Attr. Adj.
REVENUES							
1	Total General Business	\$	85,654	\$ 86,216	\$ 85,935	\$ 84,057	\$ 1,878
2	Total Transportation	\$	4,411	\$ 4,423	\$ 4,417	\$ 4,416	\$ 1
3	Other Revenues	\$	215	\$ 316	\$ 265	\$ 283	\$ (18)
4	Total Gas Revenues	\$	90,280	\$ 90,955	\$ 90,618	\$ 88,756	\$ 1,862
EXPENSES							
Production Expenses							
5	City Gate Purchases	\$	-	\$ -	\$ -	\$ -	\$ -
6	Purchased Gas Expense	\$	899	\$ 914	\$ 906	\$ 832	\$ 74
7	Net Nat Gas Storage Trans	\$	-	\$ -	\$ -	\$ -	\$ -
8	Subtotal: Production	\$	899	\$ 914	\$ 906	\$ 832	\$ 74
Underground Storage							
9	Operating Expenses	\$	916	\$ 931	\$ 924	\$ 834	\$ 90
10	Depreciation/Amortization	\$	471	\$ 471	\$ 471	\$ 439	\$ 32
11	Taxes	\$	219	\$ 219	\$ 219	\$ 283	\$ (64)
12	Subtotal: Underground Storage	\$	1,606	\$ 1,621	\$ 1,613	\$ 1,556	\$ 57
Distribution							
13	Operating Expenses	\$	13,167	\$ 13,380	\$ 13,274	\$ 12,289	\$ 985
14	Depreciation/Amortization	\$	9,981	\$ 9,981	\$ 9,981	\$ 9,121	\$ 860
15	Taxes	\$	6,816	\$ 6,838	\$ 6,827	\$ 5,891	\$ 936
16	Subtotal: Distribution	\$	29,964	\$ 30,199	\$ 30,082	\$ 27,301	\$ 2,781
17	Customer Accounting	\$	6,630	\$ 6,741	\$ 6,686	\$ 6,192	\$ 494
18	Customer Service & Information	\$	895	\$ 909	\$ 902	\$ 897	\$ 5
19	Sales Expenses	\$	-	\$ -	\$ -	\$ 0	\$ (0)
Administrative & General							
20	Operating Expenses	\$	14,648	\$ 14,886	\$ 14,767	\$ 13,549	\$ 1,218
21	Depreciation/Amortization	\$	6,614	\$ 6,614	\$ 6,614	\$ 5,688	\$ 926
22	Regulatory Amortizations	\$	1,079	\$ 539	\$ 809	\$ 1,079	\$ (270)
23	Taxes	\$	-	\$ -	\$ -	\$ -	\$ -
24	Subtotal: A&G	\$	22,341	\$ 22,039	\$ 22,190	\$ 20,316	\$ 1,874
25	Total Gas Expenses	\$	62,336	\$ 62,424	\$ 62,380	\$ 57,094	\$ 5,286
26	OPERATING INCOME BEFORE FIT	\$	27,944	\$ 28,531	\$ 28,238	\$ 31,662	\$ (3,424)
FEDERAL INCOME TAX							
27	Current Accrual	\$	247	\$ 453	\$ 350	\$ (2,970)	\$ 3,320
28	Debt Interest	\$	(344)	\$ (384)	\$ (364)	\$ (199)	\$ (165)
29	Deferred Income Taxes	\$	7,838	\$ 7,838	\$ 7,838	\$ 12,388	\$ (4,550)
30	Amortized ITC	\$	(20)	\$ (20)	\$ (20)	\$ (20)	\$ -
31	NET OPERATING INCOME	\$	20,224	\$ 20,645	\$ 20,434	\$ 22,463	\$ (2,029)
RATE BASE							
Plant In Service							
32	Underground Storage	\$	25,562	\$ 25,522	\$ 25,542	\$ 25,720	\$ (178)
33	Distribution Plant	\$	405,955	\$ 417,291	\$ 411,623	\$ 367,767	\$ 43,856
34	General Plant	\$	88,191	\$ 91,361	\$ 89,776	\$ 77,291	\$ 12,485
35	Subtotal: Plant In Service	\$	519,708	\$ 534,174	\$ 526,941	\$ 470,778	\$ 56,163
Accumulated Depreciation & Amort.							
36	Underground Storage	\$	(10,925)	\$ (11,180)	\$ (11,052)	\$ (9,906)	\$ (1,146)
37	Distribution	\$	(136,362)	\$ (140,047)	\$ (138,205)	\$ (121,747)	\$ (16,458)
38	General	\$	(23,905)	\$ (24,696)	\$ (24,301)	\$ (20,862)	\$ (3,439)
39	Subtotal: Accumulated Depreciation/Amortiza	\$	(171,193)	\$ (175,923)	\$ (173,558)	\$ (152,515)	\$ (21,043)
40	Net Plant	\$	348,516	\$ 358,251	\$ 353,383	\$ 318,263	\$ 35,120
41	Deferred Taxes	\$	(78,500)	\$ (81,893)	\$ (80,197)	\$ (66,127)	\$ (14,070)
42	Net Plant After Deferred Taxes	\$	270,016	\$ 276,358	\$ 273,187	\$ 252,136	\$ 21,051
43	Gas Inventory	\$	12,740	\$ 12,740	\$ 12,740	\$ 15,143	\$ (15,143)
44	Gain on Sale of Building	\$	-	\$ -	\$ -	\$ -	\$ -
45	Other	\$	(485)	\$ (485)	\$ -	\$ (509)	\$ 509
46	Working Capital	\$	12,683	\$ 12,683	\$ 12,683	\$ 12,625	\$ 58
47	TOTAL RATE BASE	\$	294,954	\$ 301,296	\$ 285,870	\$ 279,395	\$ 6,475
48	RATE OF RETURN		6.86%	6.85%	7.15%	8.04%	-31.34%