Exhibit No. MC-16
Dockets UE-160228/UG-160229
Witness: Melissa Cheesman

**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**

MELISSA CHEESMAN

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Staff_DR_091 Supp 2 - Attach A - Summary of Changes.xlsx

August 17, 2016

Electric Pro Forma /Cross Check Studies Based on 12.2015 Results

Electric Pro Forma / Cross Check	2017 Pro Forma (000s)	6 Months-06.2018 Pro Forma (000s)
As Filed:	$ 38,568	$ 10,301
Net Change	$ 3,227	$ 167
As Revised using 12.2015 data: (See Below)	$ 41,795	$ 10,468

(The Company is not requesting the revised 2017 Attrition Study revenue requirement produced using the 12.2015 CB adjusted results - See Avista's response to Staff_DR_030. The Company's requested electric increase is $38.6 million for 2017, and $10.3 million for 2018 (6-months Jan-Jun 2018). The Pro Forma / Cross Check Studies are meant to provide support for the as-filed Attrition Models.)

Attachment: Staff_DR_091-Attachment B (Electric Pro Forma / Cross Check Studies-using 12.2015 Results)

Changes compared to Electric Pro Forma / Cross Check Studies as filed:

(1) Updated to include actual 12.2015 Results of Operations (ROO) (See Column [1.00], page 6 of Staff_DR_091-Attachment B).

(2) Updated to include certain 12.2015 Commission Basis adjustments (restating adjusments), as appropriate, and as noted. (See pages 6-8 of Staff_DR_091-Attachment B.)

(3) Updated Pro Forma and Cross Check Study adjustments to reflect 12.2015 restated test period base. Also updated adjustments, as necessary, based on known changes (i.e. per Avista DR responses). (See "Updated" adjustments as noted on pages 6-14 of Staff_DR_091-Attachment B.) See also accompanying workpapers supporting "Updated" adjustments - Staff_DR_091-Attachment D.

(4) Removed Adjustment "Pro Forma Meter Deferral & Amortization" (See pages 9 of Staff_DR_091-Attachment B), to reflect the Commission's decision in Order 01 in Docket No. UE-160100. Per Order 01, upon execution of a contract with a vendor and the Company moving forward with AMI, the Company may defer in a Regulatory asset for later prudency determination and recovery, the remaining net book value of its existing electric meters as the meters are removed from service, rather than all at one time, as previously included in the Company's direct filed case. Based on the authorized recording of the regulatory asset per the WUTC, the deferred regulatory asset during the 2017 rate period on an AMA basis would not be material. The Company therefore, has removed the regulatory asset balance (restoring distribution plant), and removed the impact on depreciation and amortization expense. Previously the Company had proposed a 15-year amortization period starting January 1, 2017. Based on Order 01, the Company now expects to propose amortization over a 10-year period beginning January 1, 2019 within its next general rate case. **Removal of this adjustment reduces Avista's requested revenue requirement by approximately $1.1 million.**

(5) Notes: Additional updates or comments

(a) Annually the Company updates its allocation factors. Use of 12.2015 ROO results in use of updated allocation factors, including State (WA/ID) and Production/Transmission (P/T) ratios for the entire calendar year 2015. The increase in revenue requirement noted above is partially due to the net impact of the changes in ratios.

(b) Use of 12.2015 data results in use of updated conversion factor, mainly due to updating the uncollectible percentage. See page 5 of Staff_DR_091-Attachment B.