

**Exhibit No. ECO-11
Dockets UE-160228/UG-160229
Witness: Elizabeth C. O'Connell**

**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**

ELIZABETH C. O'CONNELL

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Avista's Third Supplemental Response to Staff Data Request No. 91, Attachment A

August 17, 2016

<p>(8) 08/09/2016 - SUPPLEMENTAL (09.2015 Model) - Attachment F</p>	<p>(a) Updated 09.2015 Model to reflect Cost of Debt of 5.594%. Avista has priced \$175,000,000 First Mortgage Bonds due in 2051 (35 years), through a private placement offering with the bonds to be funded and issued in December 2016, at a coupon of 3.54%. Including the cost of hedges and issuance expenses, the all in rate is approximately 5.629% over the 35-year period. This change updates the overall cost of debt from 5.51% to 5.594%. This also revises the Company's Rate of Return (ROR) from 7.64% to 7.68%. See Staff_DR_091-Supplemental 3 - Attachment F, page 4. See also workpaper included in Staff_DR_091-Supplemental 3 - Attachment H. This update adds approximately \$619,000 to the overall revenue requirement proposed in this case.</p>
<p>(b) Corrected 09.2015 Model to reflect production Regulatory Amortization included in Pro Forma Regulatory Adjustment 3.05, page 9 of Staff_DR_091-Supplemental 3 - Attachment F. The Company inadvertently removed an expiring regulatory amortization revenue related to BPA Parallel Capacity Support in Adjustment 3.05 (for the period 10/2014 through 01/2015), which had already been removed in Adjustment 3.08 "Pro Forma Revenue Normalization Adjustment" (page 10). This error was discovered by Commission Staff. See also workpaper included in Staff_DR_091-Supplemental 3 - Attachment H. This update removes approximately \$1.4 million from the overall revenue requirement proposed in this case.</p>	
<p>(c) Updated 09.2015 Model Adjustment 3.04 "Pro Forma Employee Benefits," page 9 of Staff_DR_091-Supplemental 3 - Attachment F, to reflect current information and to correct a formula error discovered by Commission Staff. See also workpaper included in Staff_DR_091-Supplemental 3 - Attachment D. This update increases the overall revenue requirement proposed in this case by approximately \$1.3 million.</p>	
<p>(d) Updated 09.2015 Model Adjustments: 2.02 "Restate Property Tax," 3.06 "Pro Forma Property Tax," and 4.05 "Cross Check 2017 Property Tax" to reflect the updated property tax amounts from that included in the Company's filed case 09.2015 Model. See page 6, 9, and 11, respectively, of Staff_DR_091-Supplemental 3 - Attachment F. These updates were properly included in the 12.2015 Model previously provided. The net change of the three adjustments reduces the overall revenue requirement amount by \$461,000.</p>	
<p>(e) Updated 09.2015 Model Adjustment 4.07 which reconciles the Electric 2017 Cross Check to the 2017 Electric Attrition model, increasing the Pro Forma revenue requirement approximately \$100,000 to reflect the change to the Electric Attrition Study balance from that previously provided. The net of (7) (a) - (e) reflects the net \$157,000 increase from that provided in Staff_DR_091-Supplemental 2. See Staff_DR_091-Supplemental 3 - Attachment F, page 12.</p>	