Exh. CSH-2 Dockets UE-170485/UG-170486 Witness: Christopher S. Hancock

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

DOCKETS UE-170485 and UG-170486 (Consolidated)

Complainant,

v.

AVISTA CORPORATION d/b/a AVISTA UTILITIES,

Respondent.

EXHIBIT TO TESTIMONY OF

Christopher S. Hancock

STAFF OF WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Calculation of Year Two and Year Three Revenue Increases - Electric

October 27, 2017

Avista Utilities Washington Electric Escalation of Modified Historical Test Year Twelve Months Ended December 31, 2016 Thousands of Dollars

Line No. Ad	DESCRIPTION Adjustment Number	N EOI	Isolate Year 1 Escalation Base		
	ference		PF-SubTtl JH-2		JH-2
DE	VENUES				
	tal General Business	\$	491,188		
	erdepartmental Sales	\$	946		
	les for Resale	\$	57,325		
	tal Sales of Electricity	\$	549,459		
5 Ot	her Revenue	\$	13,300		
6 To	tal Electric Revenue	\$	562,759		
	PENSES				
	oduction and Transmission	\$	125 745	۸.	125 74
	Operating Expenses Purchased Power	\$	135,745 77,131	\$	135,74
	Depreciation/Amortization	\$	26,677	\$	26,67
	Regulatory Amortization	\$	3,312	Ψ	20,07
	Faxes	\$	15,458	\$	15,458
	tal Production & Transmission	\$	258,323		-,-
Dis	stribution				
	Operating Expenses	\$	22,477	\$	22,47
	Depreciation/Amortization	\$	28,055	\$	28,05
	Regulatory Amortization	\$	-		
	Taxes tal Distribution	\$ \$	27,087 77,619	\$	27,08
17 10	tal distribution	Ş	77,619		
18 Cu	stomer Accounting	\$	13,092	\$	13,09
19 Cu	stomer Service & Information	\$	1,430	\$	1,43
20 Sa	les Expenses	\$	-		
	ministrative & General				
	Operating Expenses	\$	50,492	\$	50,49
	Depreciation/Amortization	\$	24,506	\$	24,50
	Taxes	\$	-	\$	-
	tal Admin. & General tal Electric Expenses	\$ \$	74,998 425,462		
26 UP	PERATING INCOME BEFORE FIT	\$	137,297		
	DERAL INCOME TAX		(04.505)		
	rrent Accrual	\$	(31,536)		
	bt Interest ferred Income Taxes	\$ \$	(649) 67,191		
	nortized ITC - Noxon	\$	(326)		
31 NE	T OPERATING INCOME	\$	102,617		
	TE BASE ANT IN SERVICE				
	ntangible	\$	163,234		
	Production	\$	874,076		
34 1	Fransmission	\$	446,138		
35 [Distribution	\$	1,013,933		
	General	\$	242,579		
	tal Plant in Service	\$	2,739,960		
	CUMULATED DEPRECIATION/AMORT		(24.242)		
	ntangible Production	\$ \$	(34,313) (347,038)		
		\$	(136,127)		
40 1	Fransmission Distribution		(305 178)		
40 T	Distribution	\$	(305,178) (83,644)		
40 T 41 E 42 C 43 To	Distribution General tal Accumulated Depreciation	\$ \$ \$	(83,644) (906,300)		
40 T 41 E 42 C 43 To	Distribution General	\$ \$	(83,644)		
40 T 41 E 42 C 43 To 44 NE 45 DE	Distribution General tal Accumulated Depreciation IT PLANT FERRED TAXES	\$ \$ \$ \$	(83,644) (906,300) 1,833,660 (379,586)		
40 1 41 E 42 C 43 To 44 NE 45 DE	Distribution General tal Accumulated Depreciation IT PLANT FERRED TAXES Net Plant After DFIT	\$ \$ \$ \$ \$	(83,644) (906,300) 1,833,660 (379,586) 1,454,074	\$	139,25
40 1 41 E 42 C 43 To 44 NE 45 DE 46 M	Distribution General tal Accumulated Depreciation T. PLANT FERRED TAXES Vet Plant After DFIT FERRED DEBITS AND CREDITS & OTHER	\$ \$ \$ \$ \$ \$	(83,644) (906,300) 1,833,660 (379,586) 1,454,074 (778)	\$	139,25
40 1 41 E 42 C 43 TO 44 NE 45 DE 46 M 47 DE 48 W 6	Distribution Seneral tal Accumulated Depreciation IT PLANT FERRED TAXES Vet Plant After DFIT FERRED DEBITS AND CREDITS & OTHER ORKING CAPITAL	\$ \$ \$ \$ \$ \$	(83,644) (906,300) 1,833,660 (379,586) 1,454,074	\$	139,25
40 T 41 E 42 C 43 TO 44 NE 45 DE 46 M 47 DE 48 WC	Distribution General tal Accumulated Depreciation T. PLANT FERRED TAXES Vet Plant After DFIT FERRED DEBITS AND CREDITS & OTHER	\$ \$ \$ \$ \$ \$	(83,644) (906,300) 1,833,660 (379,586) 1,454,074 (778)	\$	139,25

2 interdepartmental sales	Ş	946			ES
3 Sales for Resale	\$	57,325			
4 Total Sales of Electricity	\$	549,459			\$
5 Other Revenue	\$	13,300			· ·
6 Total Electric Revenue	\$	562,759			<u>. </u>
6 Total Electric Revenue	\$	302,/39			
EXPENSES					
Production and Transmission					
		425 745		425.745	
7 Operating Expenses	\$	135,745	\$	135,745	
8 Purchased Power	\$	77,131			
9 Depreciation/Amortization	\$	26,677	\$	26,677	
0 Regulatory Amortization	\$	3,312			
1 Taxes	\$	15,458	\$	15,458	
2 Total Production & Transmission	\$	258,323			
Distribution		22.477	ć	22.477	
3 Operating Expenses	\$	22,477	\$	22,477	
4 Depreciation/Amortization	\$	28,055	\$	28,055	
L5 Regulatory Amortization	\$	-			
L6 Taxes	\$	27,087	\$	27,087	
7 Total Distribution	\$	77,619			
0.00		12.002		42.000	
8 Customer Accounting	\$	13,092	\$	13,092	
9 Customer Service & Information	\$	1,430	\$	1,430	
0 Sales Expenses	\$	-			
Administrative & General					
1 Operating Expenses	\$	50,492	\$	50,492	
	\$		\$		
2 Depreciation/Amortization		24,506		24,506	
3 Taxes	\$		\$	-	
4 Total Admin. & General	\$	74,998			
5 Total Electric Expenses	\$	425,462			
6 OPERATING INCOME BEFORE FIT	\$	137,297			
FEDERAL INCOME TAX					
	ć	(24 526)			
7 Current Accrual	\$	(31,536)			
8 Debt Interest	\$	(649)			
29 Deferred Income Taxes	\$	67,191			
30 Amortized ITC - Noxon	\$	(326)			
1 NET OPERATING INCOME	\$	102,617			
2 NE. S. Elsting income	Ý	102,017			
RATE BASE					
PLANT IN SERVICE					
32 Intangible	\$	163,234			
3 Production	\$	874,076			
4 Transmission	\$	446,138			
5 Distribution	\$	1,013,933			
6 General	\$	242,579			
7 Total Plant in Service	\$	2,739,960			
ACCUMULATED DEPRECIATION/AMORT					
8 Intangible	\$	(34,313)			
9 Production	\$	(347,038)			
0 Transmission	\$	(136,127)			
1 Distribution	\$	(305,178)			
2 General	\$	(83,644)			
3 Total Accumulated Depreciation	\$	(906,300)			
4 NET PLANT	\$	1,833,660			
5 DEFERRED TAXES	\$	(379,586)			
6 Net Plant After DFIT	\$	1,454,074	\$	139,256 *	
7 DEFERRED DEBITS AND CREDITS & OTHER	\$	(778)	Ÿ	100,200	
40 MODEING CADITAL	ş	(//6)			

Calculation of Year Two and Year Three Revenue Increases Year One Composite Escalation mutiplied by Revenue Revenue Base Escalator Increase \$ 494,309 2.32% \$ 11,450 Year Three Year Two Composite Escalation multiplied by Revenue Revenue equals Base 505,760 Escalator Increase \$ 11,716

^{*} Note: Line 46 figure in "Isolate Escalation Base" column is the after-tax return on net plant.