

**Exh. CSH-2  
Dockets UE-170485/UG-170486  
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-170485 and  
UG-170486 (*Consolidated*)**

**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.	DESCRIPTION	Non-Energy EOP Pro Forma Sub-Total PF-SubTtl JH-2	Isolate Year 1 Escalation Base JH-2
<b>REVENUES</b>			
1	Total General Business	\$ 491,188	
2	Interdepartmental Sales	\$ 946	
3	Sales for Resale	\$ 57,325	
4	Total Sales of Electricity	\$ 549,459	
5	Other Revenue	\$ 13,300	
6	Total Electric Revenue	\$ 562,759	
<b>EXPENSES</b>			
Production and Transmission			
7	Operating Expenses	\$ 135,745	\$ 135,745
8	Purchased Power	\$ 77,131	
9	Depreciation/Amortization	\$ 26,677	\$ 26,677
10	Regulatory Amortization	\$ 3,312	
11	Taxes	\$ 15,458	\$ 15,458
12	Total Production & Transmission	\$ 258,323	
Distribution			
13	Operating Expenses	\$ 22,477	\$ 22,477
14	Depreciation/Amortization	\$ 28,055	\$ 28,055
15	Regulatory Amortization	\$ -	
16	Taxes	\$ 27,087	\$ 27,087
17	Total Distribution	\$ 77,619	
18	Customer Accounting	\$ 13,092	\$ 13,092
19	Customer Service & Information	\$ 1,430	\$ 1,430
20	Sales Expenses	\$ -	
Administrative & General			
21	Operating Expenses	\$ 50,492	\$ 50,492
22	Depreciation/Amortization	\$ 24,506	\$ 24,506
23	Taxes	\$ -	\$ -
24	Total Admin. & General	\$ 74,998	
25	Total Electric Expenses	\$ 425,462	
26	OPERATING INCOME BEFORE FIT	\$ 137,297	
FEDERAL INCOME TAX			
27	Current Accrual	\$ (31,536)	
28	Debt Interest	\$ (649)	
29	Deferred Income Taxes	\$ 67,191	
30	Amortized ITC - Noxon	\$ (326)	
31	NET OPERATING INCOME	\$ 102,617	
RATE BASE			
PLANT IN SERVICE			
32	Intangible	\$ 163,234	
33	Production	\$ 874,076	
34	Transmission	\$ 446,138	
35	Distribution	\$ 1,013,933	
36	General	\$ 242,579	
37	Total Plant in Service	\$ 2,739,960	
ACCUMULATED DEPRECIATION/AMORT			
38	Intangible	\$ (34,313)	
39	Production	\$ (347,038)	
40	Transmission	\$ (136,127)	
41	Distribution	\$ (305,178)	
42	General	\$ (83,644)	
43	Total Accumulated Depreciation	\$ (906,300)	
44	NET PLANT	\$ 1,833,660	
45	DEFERRED TAXES	\$ (379,586)	
46	Net Plant After DFIT	\$ 1,454,074	\$ 139,256 *
47	DEFERRED DEBITS AND CREDITS & OTHER	\$ (778)	
48	WORKING CAPITAL	\$ 58,202	
49	TOTAL RATE BASE	\$ 1,511,498	
50	RATE OF RETURN		
51	REVENUE REQUIREMENT	\$ 10,034	\$ 10,034

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

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