

Exhibit No. JH-2
Dockets UE-160228/UG-160229
Witness: Joanna Huang

**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**

JOANNA HUANG

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Electric Pro Forma Analysis

August 17, 2016

Explanation of the mechanics of the revenue requirement determination with an attrition adjustment

Exhibit Nos. JH-2 and JH-3 include Adjustment 4.08, Staff Proposed Attrition Allowance. This adjustment is directly from Staff witness Mr. Christopher Hancock's Exhibit Nos. CSH-2 and CSH-3 and is intentionally hard-coded in Ms. Joanna Huang's exhibit. This is to avoid potential unintended consequences if either the attrition allowance is altered or if the pro forma results are altered. Any alterations or revisions to the result of either exhibit are expected and should manifest themselves in the final revenue requirement.

Examples to accomplish desired results:

1. Assume Staff's Attrition Adjustment 4.08 is accepted as is. If a pro forma or restating expense adjustment is revised by \$2 million, the resulting revenue requirement will also increase or decrease by \$2.1 million (given the nature of revenue related taxes).
2. Exhibit No. CSH-2 or Exhibit No. CSH-3 is a hard-coded transfer of Staff's pro forma results of operations. If the attrition study is revised, the adjustment in column [E] will change accordingly. The revised column [E] must be manually transferred to the Adjustment 4.08 (Attrition Adjustment) in Ms. Huang's appropriate revenue requirement spread sheet. This will accomplish the desired effect on total revenue requirements. For instance, if a trending percentage is revised to reduce the electric attrition allowance by \$1 million, then Exhibit No. CSH-2 will show this reduction. The results in column [E] of Exhibit No. CSH-2 must be transcribed into Adjustment 4.08 to derive the proper total revenue requirement result.
3. If there are revisions to both the pro forma results and to the attrition study, then both operations above must be done. The combined result in Exhibit No. JH-2 or Exhibit No. JH-3 will show the addition of both revisions.

AVISTA UTILITIES

WASHINGTON ELECTRIC RESULTS - ATTRITION ADJUSTED PRO FORMA

TWELVE MONTHS ENDED SEPTEMBER 30, 2015

(000'S OF DOLLARS)

		Annualized 2017 & 2018				
		WITH PRESENT RATES			WITH Annualized 2017 & 2018 PROPOSED RATES	
Line No.	DESCRIPTION	Actual Per Results Report	Total Adjustments	Annualized 2017 & 2018 Adjusted Total (1)	Proposed Revenues & Related Exp	Annualized 2017 & 2018 Proposed Total
	a	b	c	d	e	f
REVENUES						
1	Total General Business	\$512,020	(\$9,331)	\$502,689	\$25,570	\$528,259
2	Interdepartmental Sales	920	24	944		944
3	Sales for Resale	84,664	(49,782)	34,882		34,882
4	Total Sales of Electricity	597,604	(59,089)	538,515	25,570	564,085
5	Other Revenue	76,513	(63,075)	13,439		13,439
6	Total Electric Revenue	674,117	(122,164)	551,953	25,570	577,523
EXPENSES						
Production and Transmission						
7	Operating Expenses	189,010	(51,695)	137,315		137,315
8	Purchased Power	115,031	(41,511)	73,520		73,520
9	Depreciation/Amortization	24,379	3,956	28,335		28,335
10	Regulatory Amortization	(1,445)	5,045	3,600		3,600
11	Taxes	13,890	1,944	15,834		15,834
12	Total Production & Transmission	340,865	(82,260)	258,605	-	258,605
Distribution						
13	Operating Expenses	22,961	280	23,241		23,241
14	Depreciation/Amortization	25,024	3,026	28,050		28,050
15	Regulatory Amortization	-	-	-		-
16	Taxes	45,055	(14,107)	30,948	985	31,933
17	Total Distribution	93,040	(10,801)	82,239	985	83,224
18	Customer Accounting	10,543	2,701	13,244	150	13,394
19	Customer Service & Information	19,433	(17,880)	1,553		1,553
20	Sales Expenses	-	0	0		0
Administrative & General						
21	Operating Expenses	49,315	3,385	52,700	51	52,751
22	Depreciation/Amortization	20,268	3,498	23,766		23,766
23	Taxes	-	-	-		-
24	Total Admin. & General	69,583	6,884	76,467	51	76,518
25	Total Electric Expenses	533,464	(101,356)	432,108	1,186	433,294
26	OPERATING INCOME BEFORE FIT	140,653	(20,807)	119,846	24,384	144,230
FEDERAL INCOME TAX						
27	Current Accrual	(7,654)	9,486	1,832	8,534	10,366
28	Debt Interest	-	(1,569)	(1,569)		(1,569)
29	Deferred Income Taxes	46,391	(16,899)	29,492		29,492
30	Amortized Investment Tax Credit	(127)	(24)	(151)		(151)
31	NET OPERATING INCOME	\$102,043	(\$11,801)	\$90,242	\$15,850	\$106,092
RATE BASE						
PLANT IN SERVICE						
32	Intangible	\$132,877	\$42,365	\$175,242		\$175,242
33	Production	762,834	69,639	832,473		832,473
34	Transmission	390,240	47,620	437,860		437,860
35	Distribution	880,960	119,060	1,000,020		1,000,020
36	General	207,659	43,967	251,626		251,626
37	Total Plant in Service	2,374,570	322,651	2,697,221	-	2,697,221
ACCUMULATED DEPRECIATION						
38	Intangible	(23,450)	(6,235)	(29,685)		(29,685)
39	Production	(334,622)	(37,671)	(372,293)		(372,293)
40	Transmission	(126,839)	(14,321)	(141,160)		(141,160)
41	Distribution	(268,267)	(33,663)	(301,930)		(301,930)
42	General	(70,794)	(12,548)	(83,342)		(83,342)
43	Total Accumulated Depreciation	(823,972)	(104,438)	(928,410)	-	(928,410)
44	NET PLANT BEFORE DFIT	1,550,598	218,212	1,768,810	-	1,768,810
45	DEFERRED TAXES	(294,027)	(71,918)	(365,945)		(365,945)
46	NET PLANT AFTER DFIT	1,256,571	146,294	1,402,865	-	1,402,865
47	DEFERRED DEBITS AND CREDITS	8,204	(5,966)	2,238		2,238
48	WORKING CAPITAL	44,420	3,790	48,210		48,210
50	TOTAL RATE BASE	\$1,309,195	\$144,118	\$1,453,313	\$0	\$1,453,313
51	RATE OF RETURN		7.79%	6.21%		7.30%

(1) The Annualized 2017 & 2018 Adjusted Total column, Column "d", includes the results of Staff's attrition study to derive the final adjusted results and revenue requirement (see Mr. Hancock's Exhibit No. CSH-2).

**AVISTA UTILITIES
CALCULATION OF GENERAL REVENUE REQUIREMENT
WASHINGTON ELECTRIC
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
ATTRITION ADJUSTED PRO FORMA CHECK STUDY**

Line No.	Description	2017 (000's of Dollars)
1	Attrition Adjusted Pro Forma Rate Base	\$ 1,453,313
2	Proposed Rate of Return	<u>7.300%</u>
3	Attrition Adjusted Net Operating Income Requirement	\$106,092
4	Pro Forma Net Operating Income	<u>90,242</u>
5	Net Operating Income Deficiency	\$15,850
6	Conversion Factor	0.619864
7	Staff Attrition Adjusted Pro Forma Revenue Requirement Increase (Decrease)	<u>\$25,570</u>
8	Total General Business Revenues	\$503,633
9	Percentage Revenue Increase/(Decrease), Attrition Adjusted Pro Forma	<u><u>5.1%</u></u>
10	Total Pro Forma Revenue Requirement	\$529,203

AVISTA UTILITIES STAFF PROPOSED COST OF CAPITAL WASHINGTON ELECTRIC			
Proposed Capital Structure			
Component	Capital Structure	Cost	Weighted Cost
S-T Debt	3.12%	2.663%	0.08%
L-T Debt	48.38%	5.696%	2.76%
Total Debt	51.50%	5.512%	2.84%
Common	48.5%	9.20%	4.46%
Total	<u>100.00%</u>		<u>7.30%</u>

AVISTA UTILITIES
REVENUE CONVERSION FACTOR
WASHINGTON ELECTRIC
TWELVE MONTHS ENDED SEPTEMBER 30, 2015

<u>Line No.</u>	<u>Description</u>	<u>Factor</u>
1	Revenues	1.000000
	Expense:	
2	Uncollectibles	0.005855
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038507
5	Total Expense	<u>0.046363</u>
6	Net Operating Income Before FIT	0.953637
7	Federal Income Tax @ 35%	<u>0.333773</u>
8	REVENUE CONVERSION FACTOR	<u><u>0.619864</u></u>

AVISTA UTILITIES
WASHINGTON ELECTRIC RESULTS - ATTRITION ADJUSTED PRO FORMA
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Results of Operations	Contested			Contested		Updated		Uncollect. Expense
			Deferred FIT Rate Base	Deferred Debits and Credits	Working Capital	Plant Held For Future Use	Eliminate B & O Taxes	Restate Property Tax		
Adjustment Number		1.00	1.01	1.02	1.03	1.04	2.01	2.02	2.03	
Workpaper Reference		E-ROO	E-DFIT	E-DDC	E-WC	E-PHF	E-EBO	E-RPT	E-UE	
REVENUES										
1	Total General Business	\$512,020	\$0	\$0	\$0	\$0	(\$18,110)	\$0	\$0	
2	Interdepartmental Sales	920	-	-	-	-	-	-	-	
3	Sales for Resale	84,664	-	-	-	-	-	-	-	
4	Total Sales of Electricity	597,604	-	-	-	-	(18,110)	-	-	
5	Other Revenue	76,513	-	-	-	-	(14)	-	-	
6	Total Electric Revenue	674,117	-	-	-	-	(18,124)	-	-	
EXPENSES										
Production and Transmission										
7	Operating Expenses	189,010	-	(3,725)	-	-	-	-	-	
8	Purchased Power	115,031	-	-	-	-	-	-	-	
9	Depreciation/Amortization	24,379	-	-	-	-	-	-	-	
10	Regulatory Amortization	(1,445)	-	(1,360)	-	-	-	-	-	
11	Taxes	13,890	-	-	-	-	-	(454)	-	
12	Total Production & Transmission	340,865	-	(5,085)	-	-	-	(454)	-	
Distribution										
13	Operating Expenses	22,961	-	-	-	-	-	-	-	
14	Depreciation/Amortization	25,024	-	-	-	-	-	-	-	
15	Regulatory Amortization	0	-	-	-	-	-	-	-	
16	Taxes	45,055	-	-	-	-	(18,028)	121	-	
17	Total Distribution	93,040	-	-	-	-	(18,028)	121	-	
18	Customer Accounting	10,543	-	3	-	-	-	-	1,054	
19	Customer Service & Information	19,433	-	-	-	-	-	-	-	
20	Sales Expenses	0	-	-	-	-	-	-	-	
Administrative & General										
21	Operating Expenses	49,315	-	-	-	-	-	-	-	
22	Depreciation/Amortization	20,268	-	-	-	-	-	-	-	
23	Taxes	0	-	-	-	-	-	-	-	
24	Total Admin. & General	69,583	-	-	-	-	-	-	-	
25	Total Electric Expenses	533,464	-	(5,082)	-	-	(18,028)	(333)	1,054	
26	OPERATING INCOME BEFORE FIT	140,653	-	5,082	-	-	(96)	333	(1,054)	
FEDERAL INCOME TAX										
27	Current Accrual	(7,654)	-	1,779	-	-	(34)	117	(369)	
28	Debt Interest	0	65	63	(43)	-	-	-	-	
29	Deferred Income Taxes	46,391	-	-	-	-	-	-	-	
30	Amortized ITC - Noxon	(127)	-	-	-	-	-	-	-	
31	NET OPERATING INCOME	\$102,043	(\$65)	\$3,241	\$43	\$0	(\$62)	\$216	(\$685)	
RATE BASE										
PLANT IN SERVICE										
32	Intangible	\$132,877	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
33	Production	762,834	-	-	-	-	-	-	-	
34	Transmission	390,240	-	-	-	-	-	-	-	
35	Distribution	880,960	-	-	-	-	-	-	-	
36	General	207,659	-	-	-	-	-	-	-	
37	Total Plant in Service	2,374,570	-	-	-	-	-	-	-	
ACCUMULATED DEPRECIATION/AMORT										
38	Intangible	(23,450)	-	-	-	-	-	-	-	
39	Production	(334,622)	-	-	-	-	-	-	-	
40	Transmission	(126,839)	-	-	-	-	-	-	-	
41	Distribution	(268,267)	-	-	-	-	-	-	-	
42	General	(70,794)	-	-	-	-	-	-	-	
43	Total Accumulated Depreciation	(823,972)	-	-	-	-	-	-	-	
44	NET PLANT	1,550,598	-	-	-	-	-	-	-	
45	DEFERRED TAXES	(294,027)	(6,556)	-	-	-	-	-	-	
46	Net Plant After DFIT	1,256,571	(6,556)	-	-	-	-	-	-	
47	DEFERRED DEBITS AND CREDITS & OTHER	8,204	-	(6,302)	-	-	-	-	-	
48	WORKING CAPITAL	44,420	-	-	4,352	-	-	-	-	
49	TOTAL RATE BASE	1,309,195	(\$6,556)	(\$6,302)	\$4,352	\$0	\$0	\$0	\$0	
50	RATE OF RETURN	7.79%								
51	REVENUE REQUIREMENT	(10,441)	(667)	(5,970)	443	-	101	(349)	1,105	

Line No.	DESCRIPTION	Regulatory Expense	Injuries and Damages	FIT/DFIT/ ITC/PTC Expense	Office Space Charges to Non-Utility	Restate Excise Taxes	Net Gains / Losses	Weather Normalization	Eliminate Adder Schedules
	Adjustment Number	2.04	2.05	2.06	2.07	2.08	2.09	2.10	2.11
	Worksheet Reference	E-RE	E-ID	E-FIT	E-OSC	E-RET	E-NGL	E-WN	E-EAS
REVENUES									
1	Total General Business	\$0	\$0	\$0	\$0	\$0	\$0	\$3,108	(\$10,581)
2	Interdepartmental Sales	-	-	-	-	-	-	-	-
3	Sales for Resale	-	-	-	-	-	-	-	-
4	Total Sales of Electricity	-	-	-	-	-	-	3,108	(10,581)
5	Other Revenue	-	-	-	-	-	-	-	-
6	Total Electric Revenue	-	-	-	-	-	-	3,108	(10,581)
EXPENSES									
Production and Transmission									
7	Operating Expenses	-	-	-	-	-	-	-	(206)
8	Purchased Power	-	-	-	-	-	-	-	-
9	Depreciation/Amortization	0	-	-	-	-	-	-	-
10	Regulatory Amortization	-	-	-	-	-	-	-	8,029
11	Taxes	-	-	-	-	-	-	-	-
12	Total Production & Transmission	-	-	-	-	-	-	-	7,823
Distribution									
13	Operating Expenses	-	-	-	-	-	-	-	-
14	Depreciation/Amortization	-	-	-	-	-	(79)	-	-
15	Regulatory Amortization	-	-	-	-	-	-	-	-
16	Taxes	-	-	-	-	(333)	-	120	(407)
17	Total Distribution	-	-	-	-	(333)	(79)	120	(407)
18	Customer Accounting	-	-	-	-	-	-	18	(62)
19	Customer Service & Information	-	-	-	-	-	-	-	(17,914)
20	Sales Expenses	-	-	-	-	-	-	-	-
Administrative & General									
21	Operating Expenses	18	181	-	(33)	-	-	6	(21)
22	Depreciation/Amortization	-	-	-	-	-	-	-	-
23	Taxes	-	-	-	-	-	-	-	-
24	Total Admin. & General	18	181	-	(33)	-	-	6	(21)
25	Total Electric Expenses	18	181	-	(33)	(333)	(79)	144	(10,581)
26	OPERATING INCOME BEFORE FIT	(18)	(181)	-	33	333	79	2,964	-
FEDERAL INCOME TAX									
27	Current Accrual	(6)	(63)	(566)	12	117	28	1,037	-
28	Debt Interest	-	-	-	-	-	-	-	-
29	Deferred Income Taxes	-	-	-	-	-	-	-	-
30	Amortized ITC - Noxon	-	-	-	-	-	-	-	-
31	NET OPERATING INCOME	(\$12)	(\$118)	\$566	\$21	\$216	\$51	\$1,927	\$0
RATE BASE									
PLANT IN SERVICE									
32	Intangible	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33	Production	-	-	-	-	-	-	-	-
34	Transmission	-	-	-	-	-	-	-	-
35	Distribution	-	-	-	-	-	-	-	-
36	General	-	-	-	-	-	-	-	-
37	Total Plant in Service	-	-	-	-	-	-	-	-
ACCUMULATED DEPRECIATION/AMORT									
38	Intangible	-	-	-	-	-	-	-	-
39	Production	-	-	-	-	-	-	-	-
40	Transmission	-	-	-	-	-	-	-	-
41	Distribution	-	-	-	-	-	-	-	-
42	General	-	-	-	-	-	-	-	-
43	Total Accumulated Depreciation	-	-	-	-	-	-	-	-
44	NET PLANT	-	-	-	-	-	-	-	-
45	DEFERRED TAXES	-	-	-	-	-	-	-	-
46	Net Plant After DFIT	-	-	-	-	-	-	-	-
47	DEFERRED DEBITS AND CREDITS & OTHER	-	-	-	-	-	-	-	-
48	WORKING CAPITAL	-	-	-	-	-	-	-	-
49	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
50	RATE OF RETURN	-	-	-	-	-	-	-	-
51	REVENUE REQUIREMENT	19	190	(913)	(35)	(349)	(83)	(3,108)	-

AVISTA UTILITIES
WASHINGTON ELECTRIC RESULTS - ATTRITION ADJUSTED PRO
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Misc. Restating	Eliminate	Nez Perce	Contested	Contested	Restated TOTAL
		Non-Util / Non-Recurring Expenses	WA Power Cost Defer	Settlement Adjustment	Restate Debt Interest	Restate Incentive Expenses	
		2.12	2.13	2.14	2.15	2.16	R-Ttl
		E-MR	E-EWPC	E-NPS	E-RDI	E-RI	
	Adjustment Number	2.12	2.13	2.14	2.15	2.16	R-Ttl
	Workpaper Reference	E-MR	E-EWPC	E-NPS	E-RDI	E-RI	
	REVENUES						
1	Total General Business	\$0	\$12,886	\$0	\$0	\$0	\$499,323
2	Interdepartmental Sales	-	-	-	-	-	920
3	Sales for Resale	-	-	-	-	-	84,664
4	Total Sales of Electricity	-	12,886	-	-	-	584,907
5	Other Revenue	-	-	-	-	-	76,499
6	Total Electric Revenue	-	12,886	-	-	-	661,406
	EXPENSES						
	Production and Transmission						
7	Operating Expenses	(1)	4,557	(9)	-	290	189,916
8	Purchased Power	-	-	-	-	-	115,031
9	Depreciation/Amortization	-	-	-	-	-	24,379
10	Regulatory Amortization	-	-	-	-	-	5,224
11	Taxes	-	-	-	-	-	13,436
12	Total Production & Transmission	(1)	4,557	(9)	-	290	347,986
	Distribution						
13	Operating Expenses	(1)	-	-	-	213	23,173
14	Depreciation/Amortization	-	-	-	-	-	24,945
15	Regulatory Amortization	-	-	-	-	-	-
16	Taxes	-	496	-	-	-	27,024
17	Total Distribution	(1)	496	-	-	213	75,142
18	Customer Accounting	-	75	-	-	95	11,726
19	Customer Service & Information	-	-	-	-	9	1,528
20	Sales Expenses	-	-	-	-	-	-
	Administrative & General						
21	Operating Expenses	(816)	26	-	-	255	48,931
22	Depreciation/Amortization	-	-	-	-	-	20,268
23	Taxes	-	-	-	-	-	-
24	Total Admin. & General	(816)	26	-	-	255	69,199
25	Total Electric Expenses	(818)	5,154	(9)	-	863	505,581
26	OPERATING INCOME BEFORE FIT	818	7,732	9	-	(863)	155,825
	FEDERAL INCOME TAX						
27	Current Accrual	286	4,301	3	(430)	(302)	(1,745)
28	Debt Interest	-	-	-	-	-	85
29	Deferred Income Taxes	-	(1,603)	-	-	-	44,788
30	Amortized ITC - Noxon	-	-	-	-	-	(127)
31	NET OPERATING INCOME	\$532	\$5,034	\$6	430	(560)	112,825
	RATE BASE						
	PLANT IN SERVICE						
32	Intangible	\$0	\$0	\$0	\$0	\$0	\$132,877
33	Production	-	-	-	-	-	762,834
34	Transmission	-	-	-	-	-	390,240
35	Distribution	-	-	-	-	-	880,960
36	General	-	-	-	-	-	207,659
37	Total Plant in Service	-	-	-	-	-	2,374,570
	ACCUMULATED DEPRECIATION/AMORT						
38	Intangible	-	-	-	-	-	(23,450)
39	Production	-	-	-	-	-	(334,622)
40	Transmission	-	-	-	-	-	(126,839)
41	Distribution	-	-	-	-	-	(268,267)
42	General	-	-	-	-	-	(70,794)
43	Total Accumulated Depreciation	-	-	-	-	-	(823,972)
44	NET PLANT	-	-	-	-	-	1,550,598
45	DEFERRED TAXES	-	-	-	-	-	(300,583)
46	Net Plant After DFIT	-	-	-	-	-	1,250,015
47	DEFERRED DEBITS AND CREDITS & OTHER	-	-	-	-	-	1,902
48	WORKING CAPITAL	-	-	-	-	-	48,772
49	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$1,300,689
50	RATE OF RETURN						(1)
51	REVENUE REQUIREMENT	(858)	(8,121)	(9)	(694)	903	(28,836)

AVISTA UTILITIES
WASHINGTON ELECTRIC RESULTS - ATTRITION ADJUSTED PRO PRO FORMA ADJUSTMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Contested	Contested			Contested	Contested	Contested	Contested	
		Pro Forma Power Supply	Pro Forma Transmission Rev/Exp	Pro Forma Labor Non-Exec	Pro Forma Labor Exec	Pro Forma Employee Benefits	Pro Forma Regulatory Amortization Adj	Pro Forma Property Tax	Pro Forma Meter Deferral & Amortization	
	Adjustment Number	3,00	3,01	3,02	3,03	3,04	3,05	3,06	3,07	
	Workpaper Reference	E-PPS	E-PTR	E-PLN	E-PLÉ	E-PEB	E-PRA	E-PPT	E-PMD	
REVENUES										
1	Total General Business	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2	Interdepartmental Sales	-	-	-	-	-	-	-	-	
3	Sales for Resale	(48,129)	-	-	-	-	-	-	-	
4	Total Sales of Electricity	(48,129)	-	-	-	-	-	-	-	
5	Other Revenue	(64,749)	(237)	-	-	-	-	-	-	
6	Total Electric Revenue	(112,878)	(237)	-	-	-	-	-	-	
EXPENSES										
Production and Transmission										
7	Operating Expenses	(62,823)	155	696	(31)	451	-	-	-	
8	Purchased Power	(45,073)	-	-	-	-	-	-	-	
9	Depreciation/Amortization	-	-	-	-	-	-	-	-	
10	Regulatory Amortization	-	-	-	-	-	(1,705)	-	-	
11	Taxes	-	-	-	-	-	-	637	-	
12	Total Production & Transmission	(107,896)	155	696	(31)	451	(1,705)	637	-	
Distribution										
13	Operating Expenses	-	-	509	-	332	-	-	-	
14	Depreciation/Amortization	-	-	-	-	-	-	-	-	
15	Regulatory Amortization	-	-	-	-	-	-	-	-	
16	Taxes	-	-	-	-	-	-	407	-	
17	Total Distribution	-	-	509	-	332	-	407	-	
18	Customer Accounting	-	-	230	-	147	-	-	-	
19	Customer Service & Information	-	-	21	-	14	-	-	-	
20	Sales Expenses	-	-	0	-	-	-	-	-	
Administrative & General										
21	Operating Expenses	-	-	619	85	396	-	-	-	
22	Depreciation/Amortization	-	-	-	-	-	-	-	-	
23	Taxes	-	-	-	-	-	-	-	-	
24	Total Admin. & General	-	-	619	85	396	-	-	-	
25	Total Electric Expenses	(107,896)	155	2,075	54	1,340	(1,705)	1,044	-	
26	OPERATING INCOME BEFORE FIT	(4,982)	(392)	(2,075)	(54)	(1,340)	1,705	(1,044)	-	
FEDERAL INCOME TAX										
27	Current Accrual	(1,744)	(137)	(726)	(19)	(469)	597	(365)	-	
28	Debt Interest	-	-	-	-	-	-	-	-	
29	Deferred Income Taxes	-	-	-	-	-	-	-	-	
30	Amortized ITC - Noxon	-	-	-	-	-	-	-	-	
31	NET OPERATING INCOME	(\$3,238)	(\$255)	(\$1,349)	(\$35)	(\$871)	\$1,108	(\$679)	-	
RATE BASE										
PLANT IN SERVICE										
32	Intangible	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
33	Production	-	-	-	-	-	-	-	-	
34	Transmission	-	-	-	-	-	-	-	-	
35	Distribution	-	-	-	-	-	-	-	-	
36	General	-	-	-	-	-	-	-	-	
37	Total Plant in Service	-	-	-	-	-	-	-	-	
ACCUMULATED DEPRECIATION/AMORT										
38	Intangible	-	-	-	-	-	-	-	-	
39	Production	-	-	-	-	-	-	-	-	
40	Transmission	-	-	-	-	-	-	-	-	
41	Distribution	-	-	-	-	-	-	-	-	
42	General	-	-	-	-	-	-	-	-	
43	Total Accumulated Depreciation	-	-	-	-	-	-	-	-	
44	NET PLANT	-	-	-	-	-	-	-	-	
45	DEFERRED TAXES	-	-	-	-	-	-	-	-	
46	Net Plant After DFIT	-	-	-	-	-	-	-	-	
47	DEFERRED DEBITS AND CREDITS & OTHER	-	-	-	-	-	-	-	-	
48	WORKING CAPITAL	-	-	-	-	-	-	-	-	
49	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
50	RATE OF RETURN									
51	REVENUE REQUIREMENT	5,224	411	2,176	57	1,405	(1,788)	1,095	-	

AVISTA UTILITIES
 WASHINGTON ELECTRIC RESULTS - ATTRITION ADJUSTED PRO
 TWELVE MONTHS ENDED SEPTEMBER 30, 2015
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Contested		Contested		Contested		Pro Forma Sub-Total
		Pro Forma Revenue Normalization	Pro Forma Capital Add Dec 2015 AMA	Pro Forma 2016 Limited Capital Adds	Pro Forma O&M Offsets	PF Major Maint Normalize CS2/Colstrip	PF-Ttl	
	Adjustment Number Workpaper Reference	3.08 E-PREV	3.09 E-PCAP15	3.10 E-PCAP16	3.11 E-POFF	3.12 E-PMM		
REVENUES								
1	Total General Business	(\$5,179)	\$0	\$0	\$0	\$0		\$494,144
2	Interdepartmental Sales	-	-	-	-	-		\$920
3	Sales for Resale	-	-	-	-	-		\$36,535
4	Total Sales of Electricity	(5,179)	-	-	-	-		531,599
5	Other Revenue	1,882	-	-	-	-		13,395
6	Total Electric Revenue	(3,297)	-	-	-	-		544,994
EXPENSES								
Production and Transmission								
7	Operating Expenses	-	-	-	-	822		129,186
8	Purchased Power	-	-	-	-	-		69,958
9	Depreciation/Amortization	-	546	447	-	-		25,372
10	Regulatory Amortization	-	-	-	-	-		3,519
11	Taxes	-	-	-	-	-		14,073
12	Total Production & Transmission	-	546	447	-	822		242,108
Distribution								
13	Operating Expenses	-	-	-	-	-		24,014
14	Depreciation/Amortization	-	430	-	-	-		25,375
15	Regulatory Amortization	-	-	-	-	-		-
16	Taxes	(199)	-	-	-	-		27,232
17	Total Distribution	(199)	430	-	-	-		76,621
18	Customer Accounting	(30)	-	-	-	-		12,073
19	Customer Service & Information	-	-	-	-	-		1,563
20	Sales Expenses	-	-	-	-	-		0
Administrative & General								
21	Operating Expenses	(10)	-	-	-	-		50,021
22	Depreciation/Amortization	-	1,255	429	-	-		21,952
23	Taxes	-	-	-	-	-		-
24	Total Admin. & General	(10)	1,255	429	-	-		71,973
25	Total Electric Expenses	(239)	2,231	876	-	822		404,338
26	OPERATING INCOME BEFORE FIT	(3,058)	(2,231)	(876)	-	(822)		140,656
FEDERAL INCOME TAX								
27	Current Accrual	(1,070)	(781)	(307)	-	(288)		(7,055)
28	Debt Interest	-	(215)	(604)	-	-		(735)
29	Deferred Income Taxes	-	-	-	-	-		44,788
30	Amortized ITC - Noxon	-	-	-	-	-		(127)
31	NET OPERATING INCOME	(1,988)	(\$1,235)	\$35	-	(534)		103,784
RATE BASE								
PLANT IN SERVICE								
32	Intangible	\$0	\$12,093	\$4,278	\$0	\$0		149,248
33	Production	-	16,608	72,751	-	-		852,193
34	Transmission	-	11,460	756	-	-		402,456
35	Distribution	-	14,092	-	-	-		895,052
36	General	-	5,066	152	-	-		212,877
37	Total Plant in Service	-	\$59,319	77,937	-	-		2,511,826
ACCUMULATED DEPRECIATION/AMORT								
38	Intangible	-	(1,496)	(888)	-	-		(25,834)
39	Production	-	(8,277)	(1,127)	-	-		(344,026)
40	Transmission	-	(3,097)	(8)	-	-		(129,944)
41	Distribution	-	(5,311)	-	-	-		(273,578)
42	General	-	(2,251)	(5)	-	-		(73,050)
43	Total Accumulated Depreciation	-	(20,432)	(2,028)	-	-		(846,432)
44	NET PLANT	-	38,887	75,909	-	-		1,665,394
45	DEFERRED TAXES	-	(17,278)	(15,078)	-	-		(332,939)
46	Net Plant After DFIT	-	21,609	60,831	-	-		1,332,455
47	DEFERRED DEBITS AND CREDITS & OTHER	-	-	-	-	-		1,902
48	WORKING CAPITAL	-	-	-	-	-		48,772
49	TOTAL RATE BASE	\$0	21,609	60,831	\$0	\$0		1,383,129
50	RATE OF RETURN							-
51	REVENUE REQUIREMENT	3,207	4,538	7,107	-	862		(4,542)

AVISTA UTILITIES

WASHINGTON ELECTRIC RESULTS - ATTRITION ADJUSTED PRO

TWELVE MONTHS ENDED SEPTEMBER 30, 2015

(000'S OF DOLLARS)

Line No.	DESCRIPTION	Eliminated	Eliminated	Eliminated	Eliminated	Eliminated	Eliminated
		Cross Check Capital Add 2016 AMA (Inc)	Cross Check Capital Add 2017 AMA	Cross Check Labor Non-Exec	Cross Check 2017 AMI Capital & Expense	Cross Check Information Tech/Serv Exp	Cross Check Property Tax
	Adjustment Number	4.00	4.01	4.02	4.03	4.04	4.05
	Workpaper Reference	E-CCAP16	E-CCAP17	E-CLN	E-CM	E-CIS	E-CPT
	REVENUES						
1	Total General Business	\$0	\$0	\$0	\$0	\$0	\$0
2	Interdepartmental Sales	-	-	-	-	-	-
3	Sales for Resale	-	-	-	-	-	-
4	Total Sales of Electricity	-	-	-	-	-	-
5	Other Revenue	-	-	-	-	-	-
6	Total Electric Revenue	-	-	-	-	-	-
	EXPENSES						
	Production and Transmission						
7	Operating Expenses	-	-	-	-	-	-
8	Purchased Power	-	-	-	-	-	-
9	Depreciation/Amortization	-	-	-	-	-	-
10	Regulatory Amortization	-	-	-	-	-	-
11	Taxes	-	-	-	-	-	-
12	Total Production & Transmission	-	-	-	-	-	-
	Distribution						
13	Operating Expenses	-	-	-	-	-	-
14	Depreciation/Amortization	-	-	-	-	-	-
15	Regulatory Amortization	-	-	-	-	-	-
16	Taxes	-	-	-	-	-	-
17	Total Distribution	-	-	-	-	-	-
18	Customer Accounting	-	-	-	-	-	-
19	Customer Service & Information	-	-	-	-	-	-
20	Sales Expenses	-	-	-	-	-	-
	Administrative & General						
21	Operating Expenses	-	-	-	-	-	-
22	Depreciation/Amortization	-	-	-	-	-	-
23	Taxes	-	-	-	-	-	-
24	Total Admin. & General	-	-	-	-	-	-
25	Total Electric Expenses	-	-	-	-	-	-
26	OPERATING INCOME BEFORE FIT	-	-	-	-	-	-
	FEDERAL INCOME TAX						
27	Current Accrual	-	-	-	-	-	-
28	Debt Interest	-	-	-	-	-	-
29	Deferred Income Taxes	-	-	-	-	-	-
30	Amortized ITC - Noxon	-	-	-	-	-	-
31	NET OPERATING INCOME	-	-	-	-	-	-
	RATE BASE						
	PLANT IN SERVICE						
32	Intangible	\$0	\$0	\$0	\$0	\$0	\$0
33	Production	-	-	-	-	-	-
34	Transmission	-	-	-	-	-	-
35	Distribution	-	-	-	-	-	-
36	General	-	-	-	-	-	-
37	Total Plant in Service	-	-	-	-	-	-
	ACCUMULATED DEPRECIATION/AMORT						
38	Intangible	-	-	-	-	-	-
39	Production	-	-	-	-	-	-
40	Transmission	-	-	-	-	-	-
41	Distribution	-	-	-	-	-	-
42	General	-	-	-	-	-	-
43	Total Accumulated Depreciation	-	-	-	-	-	-
44	NET PLANT	-	-	-	-	-	-
45	DEFERRED TAXES	-	-	-	-	-	-
46	Net Plant After DFIT	-	-	-	-	-	-
47	DEFERRED DEBITS AND CREDITS & OTHER	-	-	-	-	-	-
48	WORKING CAPITAL	-	-	-	-	-	-
49	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0
50	RATE OF RETURN	-	-	-	-	-	-
51	REVENUE REQUIREMENT	-	-	-	-	-	-

AVISTA UTILITIES
WASHINGTON ELECTRIC RESULTS - ATTRITION ADJUSTED PRO
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Eliminated	2017	Eliminated	Addition	2017
		Cross Check Insurance Expense	Cross Check = Pro Forma Total	Reconcile 2017 Cross Check to Attrition	Staff Proposed Attrition Allowance	FINAL Attrition Adjusted Pro Forma Total (2)
	Adjustment Number	4.06	17CC-Ttl	4.07	4.08	17AA/CC-Ttl
	Workpaper Reference	E-CI		E-CREC		
	REVENUES					
1	Total General Business	\$0	\$494,144	\$0	\$8,545	\$502,689
2	Interdepartmental Sales	-	920	-	24	\$944
3	Sales for Resale	-	36,535	-	(1,653)	\$34,882
4	Total Sales of Electricity	-	531,599	-	6,916	538,515
5	Other Revenue	-	13,395	-	44	13,439
6	Total Electric Revenue	-	544,994	-	6,959	551,953
	EXPENSES					
	Production and Transmission					
7	Operating Expenses	-	129,186	-	8,129	\$137,315
8	Purchased Power	-	69,958	-	3,562	\$73,520
9	Depreciation/Amortization	-	25,372	-	2,963	\$28,335
10	Regulatory Amortization	-	3,519	-	81	\$3,600
11	Taxes	-	14,073	-	1,761	\$15,834
12	Total Production & Transmission	-	242,108	-	16,497	\$258,605
	Distribution					
13	Operating Expenses	-	24,014	-	(773)	\$23,241
14	Depreciation/Amortization	-	25,375	-	2,675	\$28,050
15	Regulatory Amortization	-	-	-	-	\$0
16	Taxes	-	27,232	-	3,716	\$30,948
17	Total Distribution	-	76,621	-	5,618	82,239
18	Customer Accounting	-	12,073	-	1,171	\$13,244
19	Customer Service & Information	-	1,563	-	(10)	\$1,553
20	Sales Expenses	-	0	-	-	\$0
	Administrative & General					
21	Operating Expenses	-	50,021	-	2,679	52,700
22	Depreciation/Amortization	-	21,952	-	1,814	23,766
23	Taxes	-	-	-	-	-
24	Total Admin. & General	-	71,973	-	4,494	76,467
25	Total Electric Expenses	-	404,338	-	27,770	432,108
26	OPERATING INCOME BEFORE FIT	-	140,656	-	(20,810)	119,846
	FEDERAL INCOME TAX					
27	Current Accrual	-	(7,055)	-	8,886	1,832
28	Debt Interest	-	(735)	-	(834)	(1,569)
29	Deferred Income Taxes	-	44,788	-	(15,296)	29,492
30	Amortized ITC - Noxon	-	(127)	-	(24)	(151)
31	NET OPERATING INCOME	-	103,784	-	(\$13,542)	90,242
	RATE BASE					
	PLANT IN SERVICE					
32	Intangible	\$0	\$149,248	\$0	\$25,994	\$175,242
33	Production	-	852,193	-	(19,720)	\$832,473
34	Transmission	-	402,456	-	35,404	\$437,860
35	Distribution	-	895,052	-	104,968	\$1,000,020
36	General	-	212,877	-	38,749	\$251,626
37	Total Plant in Service	-	2,511,826	-	185,395	2,697,221
	ACCUMULATED DEPRECIATION/AMORT					
38	Intangible	-	(25,834)	-	(3,851)	(29,685)
39	Production	-	(\$344,026)	-	(28,267)	(372,293)
40	Transmission	-	(129,944)	-	(11,216)	(141,160)
41	Distribution	-	(273,578)	-	(28,352)	(301,930)
42	General	-	(73,050)	-	(10,292)	(83,342)
43	Total Accumulated Depreciation	-	(846,432)	-	(81,978)	(928,410)
44	NET PLANT	-	1,665,394	-	103,416	1,768,810
45	DEFERRED TAXES	-	(332,939)	-	(33,006)	(365,945)
46	Net Plant After DFIT	-	1,332,455	-	70,410	1,402,865
47	DEFERRED DEBITS AND CREDITS & OTHER	-	1,902	-	336	2,238
48	WORKING CAPITAL	-	48,772	-	(562)	48,210
49	TOTAL RATE BASE	\$0	1,383,129	\$0	70,184	1,453,313
50	RATE OF RETURN	-		-		6.21%
51	REVENUE REQUIREMENT	-	(4,542)	-	30,112	25,570

