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.

48

50

51

WORKING CAPITAL

TOTAL RATE BASE

RATE OF RETURN

AVISTA UTILITIES Page 2 of 13 WASHINGTON ELECTRIC RESULTS - ATTRITION ADJUSTED PRO FORMA Annualized 2017 & 2018 TWELVE MONTHS ENDED SEPTEMBER 30, 2015 WITH Annualized 2017 & 2018 PROPOSED RATES WITH PRESENT RATES (000'S OF DOLLARS) Actual Per Annualized 2017 & 201 Proposed Annualized 2017 & 2018 Proposed Line Results Total Adjusted Revenues & DESCRIPTION Total (1) Related Exp Total No. Adjustments Report d REVENUES Total General Business \$512,020 (\$9,331) \$502,689 \$25,570 \$528,259 920 944 944 24 2 Interdepartmental Sales 34,882 3 Sales for Resale 84,664 (49,782)34,882 597,604 (59,089) 538,515 25,570 564,085 Total Sales of Electricity 4 5 Other Revenue 76,513 (63,075)13,439 13,439 674,117 (122,164) 551,953 25,570 577,523 Total Electric Revenue 6 EXPENSES Production and Transmission 137,315 137,315 189,010 (51,695)Operating Expenses 73,520 (41,511)8 Purchased Power 115,031 73,520 28,335 28,335 Depreciation/Amortization 24,379 3,956 9 10 Regulatory Amortization (1,445)5,045 3,600 3,600 15,834 13,890 1,944 15,834 11 Taxes 258,605 12 Total Production & Transmission 340,865 (82,260)258,605 Distribution 23.241 23,241 13 Operating Expenses 22,961 280 28,050 25,024 3,026 28,050 14 Depreciation/Amortization 15 Regulatory Amortization 985 31,933 Taxes 45,055 (14, 107)30,948 16 985 83,224 17 Total Distribution 93,040 (10,801)82,239 10,543 2,701 13,244 150 13,394 18 Customer Accounting 1,553 19 Customer Service & Information 19,433 (17,880)1,553 0 0 20 Sales Expenses Administrative & General 21 Operating Expenses 49,315 3,385 52,700 51 52,751 20,268 3,498 23,766 23,766 Depreciation/Amortization 22 23 76,518 69,583 6,884 76,467 51 Total Admin, & General 24 433,294 25 Total Electric Expenses 533,464 (101,356)432,108 1,186 OPERATING INCOME BEFORE FIT 140,653 (20,807)119,846 24,384 144,230 26 FEDERAL INCOME TAX 8.534 10 366 27 Current Accrual (7,654)9,486 1.832 Debt Interest (1,569)(1,569)(1,569)28 29,492 29 Deferred Income Taxes 46,391 (16,899)29,492 Amortized Investment Tax Credit (127)(24)(151)(151)30 \$15,850 NET OPERATING INCOME \$102,043 (\$11,801) \$90,242 \$106,092 31 RATE BASE PLANT IN SERVICE \$175,242 \$132,877 \$42,365 \$175,242 32 Intangible 762,834 69,639 832,473 832,473 33 Production 390,240 437,860 437,860 34 Transmission 47,620 880,960 119,060 1,000,020 1,000,020 35 Distribution 251,626 207,659 43,967 251,626 36 General 322,651 2,697,221 2,697,221 37 Total Plant in Service 2,374,570 ACCUMULATED DEPRECIATION (6,235)(29,685) (29,685)Intangible (23,450)38 39 Production (334,622)(37,671)(\$372,293) (372,293)(14,321) (141, 160)(141,160) 40 Transmission (126,839)(301,930) 41 Distribution (268, 267)(33,663)(301,930)General (70,794)(12,548)(83,342)(83,342)42 (928,410) (104,438) (928,410) 43 Total Accumulated Depreciation (823,972)NET PLANT BEFORE DFIT 1,768,810 1,550,598 218,212 1,768,810 44 (71,918)(365,945)(365,945) 45 DEFERRED TAXES (294,027)NET PLANT AFTER DFIT 146,294 1,402,865 1,256,571 1,402,865 46 DEFERRED DEBITS AND CREDITS (5,966)2,238 2,238 47 8.204

3,790

\$144,118

48,210

6.21%

\$1,453,313

48,210

7.30%

\$1,453,313

\$0

<u>44,4</u>20

7.79%

\$1,309,195

⁽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		7.300%	
3	Attrition Adjusted Net Operating Income Requirement		\$106,092	
4	Pro Forma Net Operating Income		90,242	
5	Net Operating Income Deficiency		\$15,850	
6	Conversion Factor		0.619864	
7	Staff Attrition Adjusted Pro Forma Revenue Requirement Increase (Decrease)		\$25,570	
8	Total General Business Revenues		\$503,633	
9	Percentage Revenue Increase/(Decrease), Attrition Adjusted Pro Forma		5.1%	
. 10	Total Pro Forma Revenue Requirement		\$529,203	

AVISTA UTILITIES STAFF PROPOSED COST OF CAPITAL WASHINGTON ELECTRIC

Proposed Capital Structure									
Component	Capital t 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	100.00%	· · · · · · · · · · · · · · · · · · ·	7.30%						

Exhibit No. JH-2 Dockets UE-160228/UG-160229 Page 5 of 13

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

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

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	Deferred FIT Rate Base	Contested Deferred Debits and Credits	Working Capital	Contested Plant Held For Future Use	Eliminate B & O Taxes	Updated Restate Property Tax	Uncollect, Expense
	Adjustment Number	1.00 E-ROO	1,01 E-DFIT	1.02 E-DDC	1.03 E-WC	1.04 E-PHF	2.01 E-EBO	2.02 E-RPT	2,03 E-UE
	Workpaper Reference	E-ROO	E-DEII	E-DDC	E-WC	E-FHF	E-EBO	E-KI I	E-OE
,	REVENUES Total General Business	£512.020	60	40	80	\$0	(\$18,110)	\$0	\$0
	Interdepartmental Sales	\$512,020 920	\$0	\$0	\$0		(\$10,110)	Ψ.	φo -
3	Sales for Resale	84,664	-	_	-	_	-	-	-
4	Total Sales of Electricity	597,604	-	-	-	-	(18,110)	-	
5 6	Other Revenue Total Electric Revenue	76,513 674,117	-	-			(14)	-	-
U		074,117					(10,124)		
	EXPENSES Production and Transmission								
7	Operating Expenses	189,010	_	(3,725)	-	_	_	-	_
8	Purchased Power	115,031	-	(0,720)	_	_	_	_	-
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)	121 121	
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 24	Taxes 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)
20		140,033		5,002			(5-5)		(-1 1)
27	FEDERAL INCOME TAX Current Accrual	(7,654)	_	1,779	_	_	(34)	117	(369)
28	Debt Interest	(7,554)	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			•	**	••	to.	***	
32 33	Intangible Production	\$132,877 762,834	\$0	\$0	\$0	\$0	\$0	\$0	\$0
34	Transmission	390,240	-	-	-		- -	_	-
35	Distribution .	880,960	_	_	•	-	_	-	-
36	General	207,659	•		-	A4	-	_	-
37	Total Plant in Service	2,374,570	-	-	-	•	-	-	-
	ACCUMULATED DEPRECIATION/AMORT	(02.450)							
38 39	Intangible Production	(23,450) (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		-	-	-	-		-
	DEFERRED TAXES	(294,027)	(6,556)	-			*		
46	Net Plant After DFIT DEFERRED DEBITS AND CREDITS & OTHER	1,256,571	(6,556)	- (6 302)	- '	-	-	-	
47 48	WORKING CAPITAL	8,204 44,420	-	(6,302)	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%	1000	(F 070)	442		101	(2.40)	1 105
51	REVENUE REQUIREMENT	(10,441)	(667)	(5,970)	443	-	101	(349)	1,105

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

Line No.	DESCRIPTION	Regulatory Expense	Injúries and Damages	FIT/DFIT/ ITC/PTC Expense	Office Space Charges to Non-Utility	Restate Excise Taxes	Net Gains / Losses	Weather Normalization	Eliminate Adder Schedules
1100	Adjustment Number Workpaper Reference	2,04 E-RE	2.05 E-ID	2.06 E-FIT	2.07 E-OSC	2.08 E-RET	2.09 E-NGL	2.10 E-WN	2.11 E-EAS
	REVENUES								
1 2	Total General Business Interdepartmental Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$3,108	(\$10,581)
3	Sales for Resale	-	_		-	-	-	_	-
4	Total Sales of Electricity	-	-	-	-	_	-	3,108	(10,581)
5 6	Other Revenue 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 Taxes	-	. =	-	•		-	-	8,029
11 12	Total Production & Transmission	-	-	-	-	-	-	-	7,823
13	Distribution Operating Expenses	_	_	_	_	_			_
14	Depreciation/Amortization	-	-		_	-	(79)	_	-
15	Regulatory Amortization	-	•	-	-	2	-	-	• -
16	Taxes			_		(333)	-	120	(407)
17	Total Distribution	•	-	-	-	(333)	(79)		(407)
18 19	Customer Accounting Customer Service & Information	•	-	-	-	-	-	18	(62) (17,914)
20	Sales Expenses		-	-	-	-	-	-	: -
	Administrative & General								
21	Operating Expenses	18	181	-	(33)	-	-	6	(21)
22 23	Depreciation/Amortization 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 29	Debt Interest Deferred Income Taxes	-	-		-	-		-	-
30	Amortized ITC - Noxon		-	-		-	-	-	
31	NET OPERATING INCOME	(\$12)	(\$118)	\$566	\$21	\$216	\$51	\$1,927	\$0
	RATE BASE								
32	PLANT IN SERVICE Intangible	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33	Production	•	•	-	-	-	-	٠	-
34	Transmission	-	-	-	-	•	•	-	-
35 36	Distribution General	•	-		-	-	-	-	-
37		-	-			-	-	-	-
	ACCUMULATED DEPRECIATION/AMORT								
38	Intangible	-	-	-	-	-	-	-	-
39 40	Production Transmission	-	_	-	-	-	-	-	-
41	Distribution	-	-	-	-			-	
42	General			-	4	-	-		-
43 44	Total Accumulated Depreciation NET PLANT	-	-	-			-	-	 -
		-	-			•			-
45 46	DEFERRED TAXES 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 51	RATE OF RETURN 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)

(000)	S OF DOLLARS)				Contested	Contested	
Line No.	DESCRIPTION	Misc. Restating Non-Util / Non-Recurring Expenses	Eliminate WA Power Cost Defer	Nez Perce Settlement Adjustment	Restate Debt Interest	Restate Incentive Expenses	Restated TOTAL
,	Adjustment Number Workpaper Reference	2.12 E-MR	2.13 E-EWPC	2.14 E-NPS	2.15 E-RDI	2.16 E-RI	R-Ttl
	REVENUES	đo.	810.006		**	40	#400.2#2
1 2	Total General Business Interdepartmental Sales	\$0	\$12,886	\$0	\$0	\$0	\$499,323 920
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						
7	Production and Transmission	(1)	4,557	(0)		290	189,916
8	Operating Expenses Purchased Power	(1)	4,357	(9)	_	250	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	<u> </u>	-	213	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	(916)	26		-	255	60.100
. 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 29	Debt Interest Deferred Income Taxes		(1,603)	-	_	-	85 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 34	Production Transmission	-	•		-	-	762,834 390,240
35	Distribution	-	- -	-	-	-	880,960
36	General	-	-	_	-	-	207,659
37	Total Plant in Service	-	•		-	-	2,374,570
	ACCUMULATED DEPRECIATION/AMORT						(50.450)
38	Intangible	-	-	-	-	• •	(23,450) (334,622)
39 40	Production Transmission		-	-	-	· .	(126,839)
41	Distribution	-	- -	-	•	-	(268,267)
42	General			-	-	-	(70,794)
43 44	Total Accumulated Depreciation NET PLANT					-	(823,972) 1,550,598
			N.				
45 46	DEFERRED TAXES Net Plant After DFIT			-	-	-	(300,583) 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 \underline{PRO} FORMA ADJUSTMENTS

TWELVE MONTHS ENDED SEPTEMBER 30, 2015

(000'S OF DOLLARS)

. `	,	Contested	Contested			Contested	Contested	Contested	Contested
		Pro Forma	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Pro Forma
Line		Power	Transmission	Labor	Labor	Employee	Regulatory	Property	Meter Deferral
No.		Supply	Rev/Exp	Non-Exec	Exec	Benefits	Amortization Adj	Tax	& 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-PLE	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)		<u>.</u>			-	
6	Total Electric Revenue	(112,878)	(237)	-	=	-	-	-	-
	EXPENSES Production and Transmission								
7	Operating Expenses	(62,823)	155	696	(31)	451			
8	Purchased Power		, 133	090	(31)	431	-	-	-
9		(45,073)	- .	•	•		-	-	•
10	Depreciation/Amortization		-	-	-	-	(1.705)	-	-
11	Regulatory Amortization Taxes						(1,705)	637	-
12	Total Production & Transmission	(107,896)	155	696	(31)	451	(1,705)	637	<u> </u>
12	Total Floddetion to Fransinission	(107,690)	155	030	(31)	451	(1,703)	057	-
	Distribution								
13	Operating Expenses	_	_	509	_	332	-	_	_
14	Depreciation/Amortization		-			-	_	_	
15	Regulatory Amortization	·_	_	_	_	_	-	-	_
16	Taxes				_	_	_	407	
17	Total Distribution			509	<u>-</u>	332	-	407	
18	Customer Accounting	-	-	230	-	147	-	-	-
19	Customer Service & Information	-	-	21	-	14	-	-	-
20	Sales Expenses	-	-	0	-	-	-	-	-
						•			
21	Administrative & General			610	0.E	206			
21 22	Operating Expenses Depreciation/Amortization	-	-	619	85	396	•	-	-
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)	
20	OFERATING INCOME BEFORE FIT	(4,902)	(392)	(2,073)	(34)	(1,340)	1,703	(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 37	General Total Plant in Service		•	-	-		-		
31	Total Flant in Service	-	-	-	•	-	-	•	•
	ACCUMULATED DEPRECIATION/AMORT	-	•	-	-	-			
38	Intangible	-	-	-	-	-	-	-	-
39	Production	-	•	-	-	-	-	-	-
40	Transmission	-	-	-	-	-	-	-	-
41 42	Distribution General	-	-	-	-	-	-	-	-
42	Total Accumulated Depreciation				-				
44	NET PLANT						-		<u>-</u> _
		•		-	-	-	-	-	-
45	DEFERRED TAXES		-	-	-	-	-		
46	Net Plant After DFIT	-	-	-	-	-	•	•	-
47	DEFERRED DEBITS AND CREDITS & OTHER	-	-	-	-	-	-	-	-
48	WORKING CAPITAL		-	-	-	-	-		<u> </u>
40	TOTAL DATE DACE	80	ė.	60	60	80	no.	ė o	er.
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)

			Contested	Contested	Contested		
l		Pro Forma	Pro Forma	Pro Forma	Pro Forma	PF Major Maint	Pro Forma
Line	DESCRIPTION	Revenue	Capital Add	2016 Limited	0&M	Normalize	Sub-Total
No.	DESCRIPTION Adjustment Number	Normalization 3.08	3,09	Capital Adds 3.10	Offsets 3.11	CS2/Colstrip 3.12	PF-Ttl
	Workpaper Reference	E-PREV	E-PCAP15	E-PCAP16	E-POFF	E-PMM	
	REVENUES						
1	Total General Business	(\$5,179)	\$0	\$0	\$0	\$0	\$494,144
2	Interdepartmental Sales	-	-	-	-	-	\$920
3	Sales for Resale	(5.150)	-	-	_	-	\$36,535
4	Total Sales of Electricity	(5,179)		-		-	531,599
5 6	Other Revenue Total Electric Revenue	(3,297)	-		<u>-</u>	-	13,395 544,994
Ü	Total Electric Revenue	(3,477)	-	_	_	-	344,334
	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		540	777			3,519
11	Taxes	-			-	-	14,073
12	Total Production & Transmission		546	447		822	242,108
124	Total Froduction & Transmission		340	777		022	242,100
	Distribution						
13	Operating Expenses	_	_	_	_	_	24,014
14	Depreciation/Amortization	-	430	_	•		25,375
15	Regulatory Amortization	-	430	-	-	-	43,373
16	Taxes	(199)	-	-	-		27,232
17	Total Distribution	(199)	430	-		-	
17	Total Distribution	(199)	. 430	-	-	-	76,621
18	Customer Accounting	(30)	_	_		_	12,073
19	Customer Service & Information	(50)	_			_	1,563
20	Sales Expenses	_	_	-	_	_	7,00
	1						
	Administrative & General						
21	Operating Expenses	(10)		-	_	-	50,021
22	Depreciation/Amortization		1,255	429	-	-	21,952
23	Taxes		-	-	-	-	0.0000000000000000000000000000000000000
24	Total Admin. & General	(10)	1,255	429		-	71,973
25	Total Electric Expenses	(239)	2,231	876	_	822	404,338
23	Total Dicetto Expenses	. (235)	2,2.71	070		022	704,000
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	-	<u> </u>	-	-		(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)		_		(129,944)
41	Distribution	-	(5,311)		_	_	(273,578)
42	General	_	(2,251)			-	(73,050)
43	Total Accumulated Depreciation	•	(20,432)	(2,028)			(846,432)
44	NET PLANT	-	38,887	75,909	-	-	1,665,394
10	DECEMBED TAYES		(17.000)	/1 E 070			1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
45	DEFERRED TAXES Not Plant After DET		(17,278)	(15,078)		-	(332,939)
46 47	Net Plant After DFIT DEFERRED DEBITS AND CREDITS & OTHER	-	21,609	60,831	-	-	1,332,455
47	WORKING CAPITAL	-	-	-		-	1,902 48,772
40	n ordinate Chilling		-	-	-		70,114
49	TOTAL RATE BASE	\$0	21,609	. 60,831	\$0	\$0	1,383,129
+7		Φ0	21,009	. 00,031	40	\$0	1,303,129
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

(000.5	GOF DOLLARS)	771111	771111	7711 1 4 4	7211-1144	T71::	Pilining
Line No.	DESCRIPTION	Eliminated Cross Check Capital Add 2016 AMA (Inc)	Eliminated Cross Check Capital Add 2017 AMA	Eliminated Cross Check Labor Non-Exec	Eliminated Cross Check 2017 AMI Capital & Expense	Eliminated Cross Check Information Tech/Serv Exp	Eliminated Cross Check Property Tax
110.	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	-	_	_	_	_	1_
12	Total Production & Transmission	_	-	_	-	-	'-
	751 4 11 41						
13	Distribution 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	_		-		_	_
	TERRED IX DIGON TO THE WAY						
07	FEDERAL INCOME TAX						
27 28	Current Accrual Debt Interest	-	-	-	-	-	-
29	Deferred Income Taxes	-	-	-	-	-	-
30	Amortized ITC - Noxon	-		_	-	-	_
31	NET OPERATING INCOME	<u> </u>	-	-		-	
	RATE BASE						
32	PLANT IN SERVICE	\$0	\$0	\$0	\$0	\$0	\$0
33	Intangible Production	\$0	40	\$0	\$0	\$0	\$0
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 44	Total Accumulated Depreciation NET PLANT						· · · · · · · · ·
		-	-	-	-	-	-
45	DEFERRED TAXES		-	-	-	-	-
46	Net Plant After DFIT	-	-	-	-	-	-
47 48	DEFERRED DEBITS AND CREDITS & OTHER WORKING CAPITAL	-	-	-	-	-	-
40	"Older Chille				-	-	
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

Line	OF DOLLARS)	Eliminated Cross Check Insurance	2017 Cross Check =Pro Forma	Eliminated Reconcile 2017 Cross Check	Addition Staff Proposed Attrition Allowance	2017 FINAL Attrition Adjusted Pro Foma
No.	DESCRIPTION	Expense	Total	to Attrition		Total (2)
	Adjustment Number Workpaper Reference	4.06 E-CI	17CC-Ttl	4.07 E-CREC	4.08	17AA/CC-Ttl
	REVENUES					
1	Total General Business	\$0	\$494,144	\$0	\$8,545	\$502,689
3	Interdepartmental Sales Sales for Resale	-	920 36,535	-	24 (1,653)	\$944 \$34,882
4	Total Sales of Electricity	-	531,599	-	6,916	538,515
5	Other Revenue	<u> </u>	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
0	Regulatory Amortization	-	3,519		81	\$3,600
l I l 2	Taxes Total Production & Transmission	-	14,073 242,108		1,761 16,497	\$15,834 \$258,605
12		-	242,108	-	10,497	3238,003
13	Distribution		24.044		(772)	600.044
13 14	Operating Expenses Depreciation/Amortization	•	24,014 25,375		(773) 2,675	\$23,241 \$28,050
15	Regulatory Amortization	-	23,373	-	2,013	\$25,030
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 23	Depreciation/Amortization Taxes	-	21,952	•	1,814	23,766
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 30	Deferred Income Taxes Amortized ITC - Noxon	-	44,788 (127)	-	(15,296) (24)	29,492 (151
31	NET OPERATING INCOME	-	103,784	-	(\$13,542)	90,242
	RATE BASE					
	PLANT IN SERVICE					
32 33	Intangible Production	\$0	\$149,248 852,193	\$0	\$25,994 (19,720)	\$175,242 \$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
38	ACCUMULATED DEPRECIATION/AMORT Intangible	_	(25,834)	-	(3,851)	(29,685
39	Production	_	(\$344,026)	-	(28,267)	(372,293
40	Transmission	-	(129,944)		(11,216)	(141,160
11	Distribution	-	(273,578)	-	(28,352)	(301,930
42 43	General Total Accumulated Depreciation	-	(73,050) (846,432)		(10,292) (81,978)	(83,342 (928,410
44	NET PLANT		1,665,394	-	103,416	1,768,810
	DEFERRED TAXES		(332,939)			
45 46	Net Plant After DFIT	-	1,332,455	-	(33,006) 70,410	(365,945 1,402,865
47	DEFERRED DEBITS AND CREDITS & OTHER	-	1,902	-	336	2,238
48	WORKING CAPITAL	•	48,772	-	(562)	48,210
40	TOTAL RATE BASE	. \$0	1,383,129	\$0	70,184	1,453,313
49						

AVISTA UTILITIES Comparison of Revenue Requirement Adjustments Restatement Summary Washington Electric

			CASE	Revenue	STAFF PRO		Revenue	Revenue	
Column	n Description	Washingt NOI	on Electric Rate Base	Requirement at 7.64%	Washingto NOI	n Electric Rate Base	Requirement at 7.64%	Requirement at 7.30%	Difference
	•								_
1.00	Results of Operations	\$102,043	\$1,309,195	-3260	\$102,043	1,309,195	-3,260	-10,441	0
1.01	Deferred FIT Rate Base Deferred Debits and Credits	(\$65)	(\$6,556)	-703	(65)	(6,556)	-703	-667	0
1.02 1.03		\$1,055	(\$6,302)	-2479	3,241	(6,302)		-5,970	-3,526 0
	Working Capital Plant Held For Future Use	43 54	4,352	467 582	43 0	4,352 0	467 0	443 0	-582
1.04	Actual	103,130	5,431 1,306,120	(5,393)	105,262	1,300,689	-9,501	-16,635	-4,108
	Notal	105,150	1,500,120	(3,373)	105,202	1,500,005	-2,501	-10,033	-4,100
2.01	Eliminate B & O Taxes	(\$62)	\$0	101	(62)	0	101	101	0
2,02	Restate Property Tax	(\$283)	\$0	456	216	0	-349	-349	-805
2.03	Uncollect. Expense	(\$685)	\$0	1105	(685)	0	1,105	1,105	0
2.04	Regulatory Expense	(\$12)	\$0	19	(12)	0	19	19	0
2.05	Injuries and Damages	(\$118)	\$0	190	(118)	0	190	190	0 -
2.06	FIT/DFIT/ ITC/PTC Expense	\$566	\$0	-913	566	0	-913	-913	0
2.07	Office Space Charges to Non-Utility	\$21	\$0	-35	21	0	-35	-35	0
2.08	Restate Excise Taxes	\$216	\$0	-349	216	0	-349	-349	. 0
2.09	Net Gains / Losses	\$51	\$0	-83	51	0	-83	-83	0
2.10	Weather Normalization	\$1,927	\$0	-3108	1,927	0	-3,108	-3,108	0
2.11	Eliminate Adder Schedules	\$0	\$0	0	0	0	0	0	0
2.12	Misc. Restating Non-Util / Non-Recurring Expenses	\$532	\$0	-858	532	0	-858	-858	0
2.13 2.14	Eliminate WA Power Cost Defer Nez Perce Settlement Adjustment	\$5,034 \$6	\$0 \$0	-8121 -9	5,034 6	0	-8,121 -9	-8,121 -9	0
2.14	Restate Debt Interest	\$435	\$0 \$0	-702	430	0	-694	-694	8
2.16	Restate Incentive Expenses	\$800	\$0	-1291	(560)	0	903	903	2,194
2.10	Restated Total	\$111,559	\$1,306,120	(\$18,991)	\$112,825	\$1,300,689	-21,702	-28,836	-2,711
	Restated Total	\$111,339	\$1,300,120	(\$10,991)	\$112,623	\$1,300,089	-21,702	-20,030	-4,/11
Dec For	A director conta								
	ma Adjustments Pro Forma Power Supply	(2.502)	0	5795	(2.220)	0	5 224	5 224	-571
3.00 3.01	Pro Forma Transmission Rev/Exp	(3,592) (369)	0	596	(3,238) (255)	0	5,224 411	5,224 411	-185
3.02	Pro Forma Labor Non-Exec	(1,349)	0	2176	(1,349)	0	2,176	2,176	-163
3.03	Pro Forma Labor Exec	(35)	0	57	(35)	0	57	57	0
3.04	Pro Forma Employee Benefits	(750)	0	1210	(871)	0	1,405	1,405	195
3.05	Pro Forma Regulatory Amortization Adj	255	. 0	-412	1,108	0	-1,788	-1,788	-1,376
3.06	Pro Forma Property Tax	(\$704)	\$0	1136	(679)	0	1,095	1,095	-41
3.07	Pro Forma Meter Deferral & Amortization	(\$749)	\$0	1209	Ò	0	0	. 0	-1,209
3.08	Pro Forma Revenue Normalization	(1,988)	0	3207	(1,988)	0	3,207	3,207	0
3.09	Pro Forma Capital Add Dec 2015 AMA	(\$1,062)	\$18,307	3970	(1,234)	21,609	4,655	4,538	685
3.10	Pro Forma 2016 Limited Capital Adds	(347)	86,690	11244	35	60,831	7,441	7,107	-3,803
3.11	Pro Forma O&M Offsets	133	. 0	-214	0	0	0	0	214
3.12	PF Major Maint Normalize CS2/Colstrip	(534)	0	862	(534)	0	862	862	0
4									
	n Cross Check Adjustments	(1.001)					_		
4.00	Cross Check Capital Add 2016 AMA (Inc)	(4,201)	2,234	7053	0	0	0	0	-7,053
4.01	Cross Check Capital Add 2017 AMA	(3,943)	69,281	14901	. 0	0	0	0	-14,901
4.02 4.03	Cross Check Labor Non-Exec Cross Check 2017 AMI Capital & Expense	(422)	0	681 5659	0	0	0	0	-681
4.03	Cross Check Information Tech/Serv Exp	(1,926) (1,213)	20,703	1957	. 0	0	0	0	-5,659 -1,957
4.04	Cross Check Property Tax	(807)	0	1301	0	0	0	0	-1,301
4.06	Cross Check Insurance Expense	(49)	0	80	0	0	0	0	-80
	Reconcile 2017 Cross Check to Attrition	913	(27,863)	-4909	0	0	0	0	4,909
	Staff's Proposed Attrition Allowance	71.7	(27,003)		(13,542)	70,184	30,497	30,112	30,497
	Pro Forma Total	\$88,819	\$1,475,472	\$38,568	\$90,243	\$1,453,313	\$33,540	25,570	(\$5,028)
	At Staff's ROR			· · · · · · · · · · · · · · · · · · ·	\$90,243	\$1,453,313	\$25,570	,	· · · · · · · · · · · · · · · · · · ·
					,	, ,	Avista Proposed		\$ 38,568
							Difference		(5,028)
							ROR impact		(7,970)
								-	25,570
	· ·							=	