

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

**EXHIBIT TO  
TESTIMONY OF**

**Joanna Huang**

**STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

*Electric Pro Forma Analysis*

**October 27, 2017**

Traditional Pro Forma Study

AVISTA UTILITIES  
 WASHINGTON ELECTRIC RESULTS  
 TWELVE MONTHS ENDED DECEMBER 31, 2016  
 (000'S OF DOLLARS)

Exhibit No. JH-2  
 Dockets UE-170485/UG-170486  
 Page 1 of 11

Line No.	DESCRIPTION	May 1, 2018				
		WITH PRESENT RATES		WITH 05.2018 PROPOSED RATES		
		Actual Per Results Report	Total Adjustments	05.2018 Adjusted Total (1)	Proposed Revenues & Related Exp	2018 Proposed Total
	a	b	c	d	e	f
<b>REVENUES</b>						
1	Total General Business	\$516,333	(\$25,145)	\$491,188	\$10,034	\$501,222
2	Interdepartmental Sales	946	-	946		946
3	Sales for Resale	78,098	(20,773)	57,325		57,325
4	Total Sales of Electricity	595,377	(45,918)	549,459	10,034	559,493
5	Other Revenue	81,735	(68,435)	13,300		13,300
6	Total Electric Revenue	677,112	(114,353)	562,759	10,034	572,793
<b>EXPENSES</b>						
<b>Production and Transmission</b>						
7	Operating Expenses	184,672	(48,927)	135,745		135,745
8	Purchased Power	96,772	(19,641)	77,131		77,131
9	Depreciation/Amortization	26,677	-	26,677		26,677
10	Regulatory Amortization	4,310	(998)	3,312		3,312
11	Taxes	14,904	554	15,458		15,458
12	Total Production & Transmission	327,335	(69,012)	258,323	-	258,323
<b>Distribution</b>						
13	Operating Expenses	21,420	1,057	22,477		22,477
14	Depreciation/Amortization	27,913	142	28,055		28,055
15	Regulatory Amortization	-	-	-		-
16	Taxes	45,258	(18,171)	27,087	386	27,473
17	Total Distribution	94,591	(16,972)	77,619	386	78,005
18	Customer Accounting	11,733	1,359	13,092	62	13,154
19	Customer Service & Information	18,081	(16,651)	1,430		1,430
20	Sales Expenses	-	-	-		-
<b>Administrative &amp; General</b>						
21	Operating Expenses	50,568	(76)	50,492	20	50,512
22	Depreciation/Amortization	23,877	629	24,506		24,506
23	Taxes	-	-	-		-
24	Total Admin. & General	74,445	553	74,998	20	75,018
25	Total Electric Expenses	526,185	(100,723)	425,462	468	425,930
26	OPERATING INCOME BEFORE FIT	150,927	(13,630)	137,297	9,566	146,863
<b>FEDERAL INCOME TAX</b>						
27	Current Accrual	(25,741)	(5,795)	(31,536)	3,348	(28,188)
28	Debt Interest	-	(649)	(649)		(649)
29	Deferred Income Taxes	66,436	755	67,191		67,191
30	Amortized Investment Tax Credit	(325)	(1)	(326)		(326)
31	NET OPERATING INCOME	\$110,557	(\$7,940)	\$102,617	\$6,218	\$108,835
<b>RATE BASE</b>						
<b>PLANT IN SERVICE</b>						
32	Intangible	\$156,057	\$7,177	\$163,234		\$163,234
33	Production	832,833	41,243	874,076		874,076
34	Transmission	430,613	15,525	446,138		446,138
35	Distribution	970,455	43,479	1,013,934		1,013,934
36	General	233,266	9,313	242,579		242,579
37	Total Plant in Service	2,623,224	116,737	2,739,961	-	2,739,961
<b>ACCUMULATED DEPRECIATION</b>						
38	Intangible	(30,914)	(3,399)	(34,313)		(34,313)
39	Production	(351,625)	4,587	(347,038)		(347,038)
40	Transmission	(135,624)	(503)	(136,127)		(136,127)
41	Distribution	(295,383)	(9,795)	(305,178)		(305,178)
42	General	(80,093)	(3,551)	(83,644)		(83,644)
43	Total Accumulated Depreciation	(893,639)	(12,661)	(906,300)	-	(906,300)
44	NET PLANT BEFORE DFIT	1,729,585	104,076	1,833,661	-	1,833,661
45	DEFERRED TAXES	(354,707)	(24,879)	(379,586)		(379,586)
46	NET PLANT AFTER DFIT	1,374,878	79,197	1,454,075	-	1,454,075
47	DEFERRED DEBITS AND CREDITS	4,568	(5,346)	(778)		(778)
48	WORKING CAPITAL	65,480	(7,278)	58,202		58,202
50	TOTAL RATE BASE	\$1,444,926	\$66,573	\$1,511,499	\$0	\$1,511,499
51	RATE OF RETURN	7.65%		6.79%		7.20%

**AVISTA UTILITIES**  
**CALCULATION OF REQUESTED GENERAL REVENUE REQUIREMENT**  
**WASHINGTON ELECTRIC**  
**TWELVE MONTHS ENDED DECEMBER 31, 2016**

<b>Line No.</b>	<b>Description</b>	<b>Requested Base Rate Change 5/1/2018 (000's of Dollars)</b>
1	Pro Forma Rate Base	\$ 1,511,499
2	Proposed Rate of Return	7.20%
3	Net Operating Income Requirement	\$108,835
4	Pro Forma Net Operating Income	102,617
5	Net Operating Income Deficiency	\$6,218
6	Conversion Factor	0.619659
7	Revenue Requirement	<b>\$10,034</b>
8	Total General Business Revenues	\$492,134
9	Percentage Revenue Increase	<b>2.04%</b>
10	Total <u>Billed</u> General Business Revenues	\$511,823
11	Percentage Revenue Increase	<b>1.96%</b>

<b>AVISTA UTILITIES                  PROPOSED COST OF CAPITAL                  WASHINGTON ELECTRIC</b>			
<b>Proposed Capital Structure*</b>			
<b>Component</b>	<b>Capital Structure</b>	<b>Cost</b>	<b>Weighted Cost</b>
Short-Term Deb	2.90%	3.26%	0.09%
Long-Term Det	<u>48.60%</u>	5.54%	<u>2.69%</u>
Total Debt	51.50%		2.79%
Common	48.50%	9.10%	4.41%
Total	<u><u>100.00%</u></u>		<u><u>7.20%</u></u>

\* Based on rate year estimated capital structure and cost of debt.

**AVISTA UTILITIES  
 REVENUE CONVERSION FACTOR  
 WASHINGTON ELECTRIC  
 TWELVE MONTHS ENDED DECEMBER 31, 2016**

<b>Line No.</b>	<b>Description</b>	<b>Factor</b>
1	<b>Revenues</b>	<i>1.000000</i>
	<b>Expense:</b>	
2	Uncollectibles	<i>0.006183</i>
3	Commission Fees	<i>0.002000</i>
4	Washington Excise Tax	<i>0.038495</i>
5	Total Expense	<u><i>0.046678</i></u>
6	Net Operating Income Before FIT	<i>0.953322</i>
7	Federal Income Tax @ 35%	<u><i>0.333663</i></u>
8	<b>REVENUE CONVERSION FACTOR</b>	<u><u><i>0.619659</i></u></u>

Traditional Pro Forma Study

AVISTA UTILITIES  
WASHINGTON ELECTRIC RESULTS  
TWELVE MONTHS ENDED DECEMBER 31, 2016  
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Actual Results			Contested		Contested	Contested	Contested
		Results of Operations	Deferred FIT Rate Base	Deferred Debits and Credits	Working Capital	Eliminate B & O Taxes	Restate Property Tax	Uncollect. Expense	Regulatory Expense
		1.00 E-ROO	1.01 E-DFIT	1.02 E-DDC	1.03 E-WC	2.01 E-EBO	2.02 E-RPT	2.03 E-UE	2.04 E-RE
Adjustment Number Workpaper Reference									
REVENUES									
1	Total General Business	\$516,333	\$0	\$0	\$0	(\$17,807)	\$0	\$0	\$0
2	Interdepartmental Sales	946	-	-	-	-	-	-	-
3	Sales for Resale	78,098	-	-	-	-	-	-	-
4	Total Sales of Electricity	595,377	-	-	-	(17,807)	-	-	-
5	Other Revenue	81,735	-	-	-	(14)	-	-	-
6	Total Electric Revenue	677,112	-	-	-	(17,821)	-	-	-
EXPENSES									
Production and Transmission									
7	Operating Expenses	184,672	-	4	-	-	-	-	-
8	Purchased Power	96,772	-	-	-	-	-	-	-
9	Depreciation/Amortization	26,677	-	-	-	-	-	-	0
10	Regulatory Amortization	4,310	-	-	-	-	-	-	-
11	Taxes	14,904	-	-	-	-	(181)	-	-
12	Total Production & Transmission	327,335	-	4	-	-	(181)	-	-
Distribution									
13	Operating Expenses	21,420	-	-	-	-	-	-	-
14	Depreciation/Amortization	27,913	-	-	-	-	-	-	-
15	Regulatory Amortization	0	-	-	-	-	-	-	-
16	Taxes	45,258	-	-	-	(17,674)	(701)	-	-
17	Total Distribution	94,591	-	-	-	(17,674)	(701)	-	-
18	Customer Accounting	11,733	-	8	-	-	-	1,117	-
19	Customer Service & Information	18,081	-	-	-	-	-	-	-
20	Sales Expenses	0	-	-	-	-	-	-	-
Administrative & General									
21	Operating Expenses	50,568	-	-	-	-	-	-	7
22	Depreciation/Amortization	23,877	-	-	-	-	-	-	-
23	Taxes	0	-	-	-	-	-	-	-
24	Total Admin. & General	74,445	-	-	-	-	-	-	7
25	Total Electric Expenses	526,185	-	12	-	(17,674)	(882)	1,117	7
26	OPERATING INCOME BEFORE FIT	150,927	-	(12)	-	(147)	882	(1,117)	(7)
FEDERAL INCOME TAX									
27	Current Accrual	(25,741)	-	(4)	-	(51)	309	(391)	(2)
28	Debt Interest	0	(8)	-	71	-	-	-	-
29	Deferred Income Taxes	66,436	-	-	-	-	-	-	-
30	Amortized ITC - Noxon	(325)	-	-	-	-	-	-	-
31	NET OPERATING INCOME	\$110,557	\$8	(\$8)	(\$71)	(\$96)	\$573	(\$726)	(\$5)
RATE BASE									
PLANT IN SERVICE									
32	Intangible	\$156,057	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33	Production	832,833	-	-	-	-	-	-	-
34	Transmission	430,613	-	-	-	-	-	-	-
35	Distribution	970,455	-	-	-	-	-	-	-
36	General	233,266	-	-	-	-	-	-	-
37	Total Plant in Service	2,623,224	-	-	-	-	-	-	-
ACCUMULATED DEPRECIATION/AMORT									
38	Intangible	(30,914)	-	-	-	-	-	-	-
39	Production	(351,625)	-	-	-	-	-	-	-
40	Transmission	(135,624)	-	-	-	-	-	-	-
41	Distribution	(295,383)	-	-	-	-	-	-	-
42	General	(80,093)	-	-	-	-	-	-	-
43	Total Accumulated Depreciation	(893,639)	-	-	-	-	-	-	-
44	NET PLANT	1,729,585	-	-	-	-	-	-	-
45	DEFERRED TAXES	(354,707)	806	-	-	-	-	-	-
46	Net Plant After DFIT	1,374,878	806	-	-	-	-	-	-
47	DEFERRED DEBITS AND CREDITS & OTHER	4,568	-	-	-	-	-	-	-
48	WORKING CAPITAL	65,480	-	-	(7,278)	-	-	-	-
49	TOTAL RATE BASE	1,444,926	\$806	\$0	(\$7,278)	\$0	\$0	\$0	\$0
50	RATE OF RETURN	7.65%							
51	REVENUE REQUIREMENT	(10,514)	81	13	(731)	154	(925)	1,172	7

Note: CF indicates that this adjustment is affected by the revised onversion factor.

Traditional Pro Forma Study

AVISTA UTILITIES

WASHINGTON ELECTRIC RESULTS

TWELVE MONTHS ENDED DECEMBER 31, 2016

(000'S OF DOLLARS)

Line No.	DESCRIPTION	CF *					CF *		
		Injuries and Damages	FIT/DFIT/ ITC Expense	Office Space Charges to Non-Utility	Restate Excise Taxes	Net Gains / Losses	Weather Normalization	Eliminate Adder Schedules	Misc. Restating Non-Util / Non-Recurring Expenses
	Adjustment Number	2.05	2.06	2.07	2.08	2.09	2.10	2.11	2.12
	Workpaper Reference	E-ID	E-FIT	E-OSC	E-RET	E-NGL	E-WN	E-EAS	E-MR
<b>REVENUES</b>									
1	Total General Business	\$0	\$0	\$0	\$0	\$0	\$7,392	(\$18,196)	\$0
2	Interdepartmental Sales	-	-	-	-	-	-	-	-
3	Sales for Resale	-	-	-	-	-	-	-	-
4	Total Sales of Electricity	-	-	-	-	-	7,392	(18,196)	-
5	Other Revenue	-	-	-	-	-	(5,775)	684	(2,566)
6	Total Electric Revenue	-	-	-	-	-	1,617	(17,512)	(2,566)
<b>EXPENSES</b>									
<b>Production and Transmission</b>									
7	Operating Expenses	-	-	-	-	-	-	(383)	(5)
8	Purchased Power	-	-	-	-	-	-	-	-
9	Depreciation/Amortization	-	-	-	-	-	-	-	-
10	Regulatory Amortization	-	-	-	-	-	-	395	-
11	Taxes	-	-	-	-	-	-	-	-
12	Total Production & Transmission	-	-	-	-	-	-	12	(5)
<b>Distribution</b>									
13	Operating Expenses	-	-	-	-	-	-	-	(2)
14	Depreciation/Amortization	-	-	-	-	(94)	-	-	-
15	Regulatory Amortization	-	-	-	-	-	-	-	-
16	Taxes	-	-	-	(62)	-	284	(700)	-
17	Total Distribution	-	-	-	(62)	(94)	284	(700)	(2)
18	Customer Accounting	-	-	-	-	-	46	(113)	-
19	Customer Service & Information	-	-	-	-	-	-	(16,675)	-
20	Sales Expenses	-	-	-	-	-	-	-	-
<b>Administrative &amp; General</b>									
21	Operating Expenses	151	-	(31)	-	-	15	(36)	(1,068)
22	Depreciation/Amortization	-	-	-	-	-	-	-	-
23	Taxes	-	-	-	-	-	-	-	-
24	Total Admin. & General	151	-	(31)	-	-	15	(36)	(1,068)
25	Total Electric Expenses	151	-	(31)	(62)	(94)	345	(17,512)	(1,075)
26	OPERATING INCOME BEFORE FIT	(151)	-	31	62	94	1,272	-	(1,491)
<b>FEDERAL INCOME TAX</b>									
27	Current Accrual	(53)	110	11	22	33	445	-	(522)
28	Debt Interest	-	-	-	-	-	-	-	-
29	Deferred Income Taxes	-	(40)	-	-	-	-	-	-
30	Amortized ITC - Noxon	-	(1)	-	-	-	-	-	-
31	NET OPERATING INCOME	(\$98)	(\$69)	\$20	\$40	\$61	\$827	\$0	(\$969)
<b>RATE BASE</b>									
<b>PLANT IN SERVICE</b>									
32	Intangible	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33	Production	-	-	-	-	-	-	-	-
34	Transmission	-	-	-	-	-	-	-	-
35	Distribution	-	-	-	-	-	-	-	-
36	General	-	-	-	-	-	-	-	-
37	Total Plant in Service	-	-	-	-	-	-	-	-
<b>ACCUMULATED DEPRECIATION/AMORT</b>									
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	158	111	(33)	(65)	(99)	(1,334)	-	1,564

Note: CF indicates that this adjustment is affected by the revised onversion factor.

Traditional Pro Forma Study

AVISTA UTILITIES  
WASHINGTON ELECTRIC RESULTS  
TWELVE MONTHS ENDED DECEMBER 31, 2016  
(000'S OF DOLLARS)

(Authorized  
P.S. @  
Authorized P/T  
ratio)

Line No.	DESCRIPTION	CF *		Contested		Contested		Contested		Restated TOTAL
		Eliminate WA Power Cost Defer	Nez Perce Settlement Adjustment	Restating Incentives	Normalize CS2/Colstrip Major Maint	Restate Debt Interest	Authorized Power Supply	Restate Plant from AMA to EOP	R-Ttl	
	Adjustment Number Workpaper Reference	2.13 E-EWPC	2.14 E-NPS	2.15 E-RI	2.16 E-PMM	2.17 E-RDI	2.18 E-APS	2.19 OPEN		
<b>REVENUES</b>										
1	Total General Business	\$4,698	\$0	\$0	\$0	\$0	\$0	\$0	\$492,420	
2	Interdepartmental Sales	-	-	-	-	-	-	-	946	
3	Sales for Resale	-	-	-	-	-	(20,773)	-	57,325	
4	Total Sales of Electricity	4,698	-	-	-	-	(20,773)	-	550,691	
5	Other Revenue	-	-	-	-	-	(56,948)	-	17,116	
6	Total Electric Revenue	4,698	-	-	-	-	(77,721)	-	567,807	
<b>EXPENSES</b>										
<b>Production and Transmission</b>										
7	Operating Expenses	(2,270)	(4)	-	(1,174)	-	(46,240)	-	134,600	
8	Purchased Power	-	-	-	-	-	(19,641)	-	77,131	
9	Depreciation/Amortization	-	-	-	-	-	-	-	26,677	
10	Regulatory Amortization	-	-	-	-	-	-	-	4,705	
11	Taxes	-	-	-	-	-	-	-	14,723	
12	Total Production & Transmission	(2,270)	(4)	-	(1,174)	-	(65,881)	-	257,836	
<b>Distribution</b>										
13	Operating Expenses	-	-	-	-	-	-	-	21,418	
14	Depreciation/Amortization	-	-	-	-	-	-	-	27,819	
15	Regulatory Amortization	-	-	-	-	-	-	-	-	
16	Taxes	181	-	-	-	-	-	-	26,586	
17	Total Distribution	181	-	-	-	-	-	-	75,823	
18	Customer Accounting	28	-	-	-	-	-	-	12,819	
19	Customer Service & Information	-	-	-	-	-	-	-	1,406	
20	Sales Expenses	-	-	-	-	-	-	-	-	
<b>Administrative &amp; General</b>										
21	Operating Expenses	9	-	(580)	-	-	-	-	49,035	
22	Depreciation/Amortization	-	-	-	-	-	-	-	23,877	
23	Taxes	-	-	-	-	-	-	-	-	
24	Total Admin. & General	9	-	(580)	-	-	-	-	72,912	
25	Total Electric Expenses	(2,052)	(4)	(580)	(1,174)	-	(65,881)	-	420,796	
26	OPERATING INCOME BEFORE FIT	6,750	4	580	1,174	-	(11,840)	-	147,011	
<b>FEDERAL INCOME TAX</b>										
27	Current Accrual	1,567	1	203	411	(339)	(4,144)	-	(28,136)	
28	Debt Interest	-	-	-	-	-	-	(680)	(617)	
29	Deferred Income Taxes	795	-	-	-	-	-	-	67,191	
30	Amortized ITC - Noxon	-	-	-	-	-	-	-	(326)	
31	NET OPERATING INCOME	\$4,388	\$3	377	763	339	(\$7,696)	\$680	108,899	
<b>RATE BASE</b>										
<b>PLANT IN SERVICE</b>										
32	Intangible	\$0	\$0	\$0	\$0	\$0	\$0	\$4,033	\$160,090	
33	Production	-	-	-	-	-	-	41,243	874,076	
34	Transmission	-	-	-	-	-	-	15,525	446,138	
35	Distribution	-	-	-	-	-	-	35,381	1,005,836	
36	General	-	-	-	-	-	-	9,313	242,579	
37	Total Plant in Service	-	-	-	-	-	-	105,495	2,728,719	
<b>ACCUMULATED DEPRECIATION/AMORT</b>										
38	Intangible	-	-	-	-	-	-	(2,984)	(33,898)	
39	Production	-	-	-	-	-	-	4,587	(347,038)	
40	Transmission	-	-	-	-	-	-	(503)	(136,127)	
41	Distribution	-	-	-	-	-	-	(9,716)	(305,099)	
42	General	-	-	-	-	-	-	(3,551)	(83,644)	
43	Total Accumulated Depreciation	-	-	-	-	-	-	(12,167)	(905,806)	
44	NET PLANT	-	-	-	-	-	-	93,328	1,822,913	
45	DEFERRED TAXES	-	-	-	-	-	-	(23,637)	(377,538)	
46	Net Plant After DFIT	-	-	-	-	-	-	69,691	1,445,375	
47	DEFERRED DEBITS AND CREDITS & OTHER	-	-	-	-	-	-	-	4,568	
48	WORKING CAPITAL	-	-	-	-	-	-	-	58,202	
49	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0	\$69,691	\$1,508,145	
50	RATE OF RETURN								(1)	
51	REVENUE REQUIREMENT	(7,081)	(4)	(608)	(1,231)	(547)	12,420	7,001	(492)	

Note: CF indicates that this adjustment is affected by the revised onversion factor.

Traditional Pro Forma Study

AVISTA UTILITIES  
WASHINGTON ELECTRIC RESULTS  
TWELVE MONTHS ENDED DECEMBER 31, 2016  
(000'S OF DOLLARS)

Line No.	DESCRIPTION	NON ERM				Contested	Contested	CF *	
		Pro Forma Trans/Power Sup Non-ERM Rev/Exp	Pro Forma Labor Non-Exec	Pro Forma Labor Exec	Pro Forma Employee Benefits	Pro Forma Incentive Expenses	Pro Forma Property Tax	Pro Forma IS/IT Expense	Pro Forma Revenue Normalization
		3.01	3.02	3.03	3.04	3.05	3.06	3.07	3.08
	Adjustment Number	E-PTR	E-PLN	E-PLE	E-PEB	E-PI	E-PPT	E-CI	E-PREV
	Workpaper Reference								
REVENUES									
1	Total General Business	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,232)
2	Interdepartmental Sales	-	-	-	-	-	-	-	-
3	Sales for Resale	-	-	-	-	-	-	-	-
4	Total Sales of Electricity	-	-	-	-	-	-	-	(1,232)
5	Other Revenue	71	-	-	-	-	-	-	(3,887)
6	Total Electric Revenue	71	-	-	-	-	-	-	(5,119)
EXPENSES									
Production and Transmission									
7	Operating Expenses	172	999	-	(125)	-	-	-	-
8	Purchased Power	-	-	-	-	-	-	-	-
9	Depreciation/Amortization	-	-	-	-	-	-	-	-
10	Regulatory Amortization	-	-	-	-	-	-	-	-
11	Taxes	-	-	-	-	-	735	-	-
12	Total Production & Transmission	172	999	-	(125)	-	735	-	-
Distribution									
13	Operating Expenses	-	604	-	(77)	-	-	-	-
14	Depreciation/Amortization	-	-	-	-	-	-	-	-
15	Regulatory Amortization	-	-	-	-	-	-	-	-
16	Taxes	-	-	-	-	-	548	-	(47)
17	Total Distribution	-	604	-	(77)	-	548	-	(47)
18	Customer Accounting	-	322	-	(41)	-	-	-	(8)
19	Customer Service & Information	-	27	-	(3)	-	-	-	-
20	Sales Expenses	-	-	-	-	-	-	-	-
Administrative & General									
21	Operating Expenses	-	912	(33)	(114)	-	-	694	(2)
22	Depreciation/Amortization	-	-	-	-	-	-	-	-
23	Taxes	-	-	-	-	-	-	-	-
24	Total Admin. & General	-	912	(33)	(114)	-	-	694	(2)
25	Total Electric Expenses	172	2,864	(33)	(360)	-	1,283	694	(57)
26	OPERATING INCOME BEFORE FIT	(101)	(2,864)	33	360	-	(1,283)	(694)	(5,062)
FEDERAL INCOME TAX									
27	Current Accrual	(35)	(1,002)	12	126	-	(449)	(243)	(1,772)
28	Debt Interest	-	-	-	-	-	-	-	-
29	Deferred Income Taxes	-	-	-	-	-	-	-	-
30	Amortized ITC - Noxon	-	-	-	-	-	-	-	-
31	NET OPERATING INCOME	(\$66)	(\$1,862)	\$21	\$234	\$0	(\$834)	(\$451)	(3,290)
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	106	3,004	(35)	(378)	-	1,346	728	5,310

Note: CF indicates that this adjustment is affected by the revised onversion factor.

Traditional Pro Forma Study

AVISTA UTILITIES  
WASHINGTON ELECTRIC RESULTS  
TWELVE MONTHS ENDED DECEMBER 31, 2016  
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Contested		Contested		Contested		PF Normalize CS2/Colstrip Major Maint	Pro Forma Underground Equip Inspection	Non-Energy Pro Forma Sub-Total
		Pro Forma Def. Debits, Credits & Regulatory Amorts	Pro Forma 2017 Threshold Capital Adds	Pro Forma O&M Offsets	Pro Forma Director Fees Exp	3.09	3.10			
		E-PRA	E-PCAP16	E-POFF	E-PDF	E-PNM	E-PUEI			PF-SubTot
	Adjustment Number									
	Workpaper Reference									
	REVENUES									
1	Total General Business	\$0	\$0	\$0	\$0	\$0	\$0			\$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
	EXPENSES									
	Production and Transmission									
7	Operating Expenses	(248)	-	-	-	347	-			135,745
8	Purchased Power	-	-	-	-	-	-			77,131
9	Depreciation/Amortization	-	-	-	-	-	-			26,677
10	Regulatory Amortization	(1,393)	-	-	-	-	-			3,312
11	Taxes	-	-	-	-	-	-			15,458
12	Total Production & Transmission	(1,641)	-	-	-	347	-			258,323
	Distribution									
13	Operating Expenses	-	-	-	-	-	532			22,477
14	Depreciation/Amortization	-	236	-	-	-	-			28,055
15	Regulatory Amortization	-	-	-	-	-	-			-
16	Taxes	-	-	-	-	-	-			27,087
17	Total Distribution	-	236	-	-	-	532			77,619
18	Customer Accounting	-	-	-	-	-	-			13,092
19	Customer Service & Information	-	-	-	-	-	-			1,430
20	Sales Expenses	-	-	-	-	-	-			-
	Administrative & General									
21	Operating Expenses	-	-	-	-	-	-			50,492
22	Depreciation/Amortization	-	629	-	-	-	-			24,506
23	Taxes	-	-	-	-	-	-			-
24	Total Admin. & General	-	629	-	-	-	-			74,998
25	Total Electric Expenses	(1,641)	865	-	-	347	532			425,462
26	OPERATING INCOME BEFORE FIT	1,641	(865)	-	-	(347)	(532)			137,297
	FEDERAL INCOME TAX									
27	Current Accrual	574	(303)	-	-	(121)	(186)			(31,536)
28	Debt Interest	52	(85)	-	-	-	-			(649)
29	Deferred Income Taxes	-	-	-	-	-	-			67,191
30	Amortized ITC - Noxon	-	-	-	-	-	-			(326)
31	NET OPERATING INCOME	\$1,015	(\$477)	-	-	(226)	(346)			102,617
	RATE BASE									
	PLANT IN SERVICE									
32	Intangible	\$0	\$3,144	\$0	\$0	\$0	\$0			\$163,234
33	Production	-	-	-	-	-	-			874,076
34	Transmission	-	-	-	-	-	-			446,138
35	Distribution	-	8,098	-	-	-	-			1,013,934
36	General	-	-	-	-	-	-			242,579
37	Total Plant in Service	-	11,242	-	-	-	-			2,739,961
	ACCUMULATED DEPRECIATION/AMORT									
38	Intangible	-	(415)	-	-	-	-			(34,313)
39	Production	-	-	-	-	-	-			(\$347,038)
40	Transmission	-	-	-	-	-	-			(136,127)
41	Distribution	-	(79)	-	-	-	-			(305,178)
42	General	-	-	-	-	-	-			(83,644)
43	Total Accumulated Depreciation	-	(494)	-	-	-	-			(906,300)
44	NET PLANT	-	10,748	-	-	-	-			1,833,661
45	DEFERRED TAXES	-	(2,048)	-	-	-	-			(379,586)
46	Net Plant After DFIT	-	8,700	-	-	-	-			1,454,075
47	DEFERRED DEBITS AND CREDITS & OTHER	(5,346)	-	-	-	-	-			(778)
48	WORKING CAPITAL	-	-	-	-	-	-			58,202
49	TOTAL RATE BASE	(5,346)	\$8,700	\$0	\$0	\$0	\$0			1,511,499
50	RATE OF RETURN									
51	REVENUE REQUIREMENT	(2,258)	1,781	-	-	364	558			10,034

Note: CF indicates that this adjustment is affected by the revised onversion factor.

Traditional Pro Forma Study

AVISTA UTILITIES  
WASHINGTON ELECTRIC RESULTS  
TWELVE MONTHS ENDED DECEMBER 31, 2016  
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Contested		Contested ERM Related Only	
		EOP 2017 Capital Net Rate Base	Non-Energy EOP Pro Forma Sub-Total	Pro Forma Power Supply & Transm Revs	EOP Pro Forma Including PS Total
	Adjustment Number	3.15	PF-SubTtl	4.00	PF-Ttl
	Workpaper Reference	E-EOPCAP17		E-PPS	
	REVENUES				
1	Total General Business	\$0	\$491,188	\$0	\$491,188
2	Interdepartmental Sales	-	946	-	946
3	Sales for Resale	-	57,325	-	57,325
4	Total Sales of Electricity	-	549,459	-	549,459
5	Other Revenue	-	13,300	-	13,300
6	Total Electric Revenue	-	562,759	-	562,759
	EXPENSES				
	Production and Transmission				
7	Operating Expenses	-	135,745	-	135,745
8	Purchased Power	-	77,131	-	77,131
9	Depreciation/Amortization	-	26,677	-	26,677
10	Regulatory Amortization	-	3,312	-	3,312
11	Taxes	-	15,458	-	15,458
12	Total Production & Transmission	-	258,323	-	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	-	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	-	74,998
25	Total Electric Expenses	-	425,462	-	425,462
26	OPERATING INCOME BEFORE FIT	-	137,297	-	137,297
	FEDERAL INCOME TAX				
27	Current Accrual	-	(31,536)	-	(31,536)
28	Debt Interest	-	(649)	-	(649)
29	Deferred Income Taxes	-	67,191	-	67,191
30	Amortized ITC - Noxon	-	(326)	-	(326)
31	NET OPERATING INCOME	\$0	102,617	\$0	102,617
	RATE BASE				
	PLANT IN SERVICE				
32	Intangible	\$0	\$163,234	\$0	\$163,234
33	Production	-	874,076	-	874,076
34	Transmission	-	446,138	-	446,138
35	Distribution	-	1,013,934	-	1,013,934
36	General	-	242,579	-	242,579
37	Total Plant in Service	-	2,739,961	-	2,739,961
	ACCUMULATED DEPRECIATION/AMORT				
38	Intangible	-	(34,313)	-	(34,313)
39	Production	-	(\$347,038)	-	(\$347,038)
40	Transmission	-	(136,127)	-	(136,127)
41	Distribution	-	(305,178)	-	(305,178)
42	General	-	(83,644)	-	(83,644)
43	Total Accumulated Depreciation	-	(906,300)	-	(906,300)
44	NET PLANT	-	1,833,661	-	1,833,661
45	DEFERRED TAXES	-	(379,586)	-	(379,586)
46	Net Plant After DFIT	-	1,454,075	-	1,454,075
47	DEFERRED DEBITS AND CREDITS & OTHER	-	(778)	-	(778)
48	WORKING CAPITAL	-	58,202	-	58,202
49	TOTAL RATE BASE	-	1,511,499	\$0	\$1,511,499
50	RATE OF RETURN	-		-	
51	REVENUE REQUIREMENT	-	10,034	-	10,034

Note: CF indicates that this adjustment is affected by the revised onversion factor.

AVISTA UTILITIES  
Comparison of Revenue Requirement Revised Adjustments  
Restatement Summary Washington Electric

Column	Description	FILED CASE		AVISTA		STAFF		STAFF		Difference
		Washington Electric NOI	Rate Base 1,444,926	Revenue Requirement at 7.69%	Washington Electric NOI	Rate Base 1,444,926	Revenue Requirement @ 7.69%	Revenue Requirement @ 7.20%		
1.00	Results of Operations	110,557	1,444,926	901	1,444,926	901	-1,0514	0	0	0
1.01	Deferred FIT Rate Base	8	806	87	806	87	81	0	0	0
1.02	Deferred Debits and Credits	(8)	0	0	(8)	13	13	0	0	0
1.03	Working Capital	(30)	(3,006)	(324)	(7,278)	-789	-731	-465	-465	-465
	Actual	110,528	1,442,726	677	1,438,454	212	(11,151)	(465)	(465)	(465)
2.01	Eliminate B & O Taxes	(96)	0	154	(96)	154	154	0	0	0
2.02	Restate Property Tax	163	0	(262)	573	-926	(925)	(664)	(664)	(664)
2.03	Uncollect. Expense	(859)	0	1,386	(726)	1172	1,172	(214)	(214)	(214)
2.04	Regulatory Expense	(5)	0	7	(5)	7	7	0	0	0
2.05	Injuries and Damages	(98)	0	158	(98)	158	158	0	0	0
2.06	FIT/DFIT/ITC Expense	(69)	0	111	(69)	111	111	0	0	0
2.07	Office Space Charges to Non-Utility	20	0	(33)	20	-33	(33)	0	0	0
2.08	Restate Excise Taxes	40	0	(65)	40	-65	(65)	0	0	0
2.09	Net Gains / Losses	61	0	(99)	61	-99	(99)	0	0	0
2.10	Weather Normalization	825	0	(1,332)	827	-1335	(1,334)	(3)	(3)	(3)
2.11	Eliminate Adder Schedules	0	0	0	0	0	0	0	0	0
2.12	Misc. Restating Non-Util / Non- Recurring Expense	(969)	0	1,565	(969)	1565	1,564	0	0	0
2.13	Eliminate WA Power Cost Defer	4,386	0	(7,081)	4,388	-7084	(7,081)	(3)	(3)	(3)
2.14	Nez Percé Settlement Adjustment	3	0	(4)	3	-4	(4)	0	0	0
2.15	Restating Incentives	407	0	(657)	377	-609	(608)	48	48	48
2.16	Normalize CS2/Colstrip Major Maint	763	0	(1,232)	763	-1232	(1,231)	0	0	0
2.17	Restate Debt Interest	860	0	(1,388)	339	-547	(547)	841	841	841
2.18	Authorized Power Supply	(7,696)	0	12,425	(7,696)	12425	12,420	0	0	0
2.19	Restate Plant From AMA to EOP				680	7555	7,001	7,555	7,555	7,555
	Restated Total	\$108,264	\$1,442,726	\$4,330	\$108,899	\$11,423	(\$491)	\$7,095	\$7,095	\$7,095
Pro Forma Adjustments										
3.01	Pro Forma Trans/Power Sup Non-ERM Rev/Exp	(66)	0	106	(66)	106	106	0	0	0
3.02	Pro Forma Labor Non-Exec	(1,862)	0	3,005	(1,862)	3005	3,004	0	0	0
3.03	Pro Forma Labor Exec	21	0	(35)	21	-35	(35)	0	0	0
3.04	Pro Forma Employee Benefits	234	0	(378)	234	-378	(378)	0	0	0
3.05	Pro Forma Incentive Expenses	(77)	0	125	0	0	0	(125)	(125)	(125)
3.06	Pro Forma Property Tax	(1,598)	0	2,579	(834)	1346	1,346	(1,233)	(1,233)	(1,233)
3.07	Pro Forma IS/IT Expense	(451)	0	728	(451)	728	728	0	0	0
3.08	Pro Forma Revenue Normalization	(3,286)	0	5,305	(3,290)	5312	5,310	7	7	7
3.09	Pro Forma Def. Debits, Credits & Regulatory Amor	1,013	(5,346)	(2,298)	1,015	-2302	(2,258)	(4)	(4)	(4)
3.10	Pro Forma 2017 Threshold Capital Adds	(1,741)	34,911	7,145	(477)	1851	1,781	(5,294)	(5,294)	(5,294)
3.11	Pro Forma O&M Offsets	642	0	(1,036)	0	0	0	1,036	1,036	1,036
3.12	Pro Forma Director Fees Exp	(244)	0	394	0	0	0	(394)	(394)	(394)
3.13	PF Normalize CS2/Colstrip Major Maint	(226)	0	364	(226)	364	364	0	0	0
3.14	Pro Forma Underground Equip Inspection	(346)	0	558	(346)	558	558	0	0	0
3.15	EOP 2017 Capital Net Rate Base (EOP)				0	0	0	0	0	0
4.00	Pro Forma Power Supply & Transm Revs	(10,288)	0	16,609	0	0	0	(16,609)	(16,609)	(16,609)
	Pro Forma Total	\$89,991	\$1,472,291	\$37,501	\$102,617	\$21,980	\$10,034	(\$15,521)	(\$15,521)	(\$15,521)

Avista Proposed  
Difference 37,501  
ROR impact (15,521)  
(11,946)  
10,034