

Exh. JH-3
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**

Natural Gas Pro Forma Analysis

October 27, 2017

Traditional Pro Forma Study

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

		May 1, 2018				
		WITH PRESENT RATES			WITH 05.2018 PROPOSED RATES	
Line No.	DESCRIPTION	Actual Per Results Report	Total Adjustments	05.2018 Adjusted Total (1)	Proposed Revenues & Related Exp	2018 Proposed Total
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
REVENUES						
2	Total General Business	\$146,098	\$ (61,799)	\$84,299	\$1,107	\$85,406
	Total Transportation	4,595	(62)	\$4,533		4,533
3	Other Revenues	69,723	(69,479)	\$244		244
	Total Gas Revenues	220,416	(131,340)	89,076	1,107	90,183
EXPENSES						
5	Production Expenses					
5	City Gate Purchases	112,605	(112,605)	-		-
6	Purchased Gas Expense	988	31	1,019		1,019
7	Net Nat Gas Storage Trans	2,932	(2,932)	-		-
7	Total Production	116,525	(115,506)	1,019	-	1,019
8	Underground Storage					
10	Operating Expenses	974	-	974		974
11	Depreciation	492	-	492		492
12	Taxes	210	39	249		249
	Total Underground Storage	1,676	39	1,715	-	1,715
13	Distribution					
14	Operating Expenses	12,049	644	12,693		12,693
15	Depreciation	9,866	197	10,063		10,063
16	Taxes	12,807	(6,700)	6,107	42	6,149
	Total Distribution	34,722	(5,859)	28,863	42	28,905
	Customer Accounting	7,352	(573)	6,779	7	6,786
18	Customer Service & Information	7,595	(6,618)	977		977
19	Sales Expenses	-	-	-		-
	Administrative & General					
20	Operating Expenses	13,763	(139)	13,624	2	13,626
21	Depreciation/Amortization	6,260	280	6,540		6,540
22	Regulatory Amortizations	-	584	584		584
23	Taxes	-	-	-		-
24	Total Admin. & General	20,023	725	20,748	2	20,750
25	Total Gas Expense	187,893	(127,792)	60,101	51	60,152
26	OPERATING INCOME BEFORE FIT	32,523	(3,548)	28,975	1,056	30,031
FEDERAL INCOME TAX						
27	Current Accrual	(841)	(1,309)	(2,150)	370	(1,780)
28	Debt Interest	-	(185)	(185)	-	(185)
29	Deferred FIT	9,923	-	9,923		9,923
30	Amort ITC	(17)	-	(17)		(17)
31	NET OPERATING INCOME	23,458	(2,054)	21,404	686	22,090
RATE BASE: PLANT IN SERVICE						
32	Underground Storage	26,868	275	27,143		27,143
33	Distribution Plant	390,508	26,410	416,918		416,918
34	General Plant	82,624	5,808	88,432		88,432
35	Total Plant in Service	500,000	32,493	532,493	-	532,493
ACCUMULATED DEPREC/AMORT						
36	Underground Storage	(10,317)	(155)	(10,472)		(10,472)
37	Distribution Plant	(129,098)	(3,798)	(132,896)		(132,896)
38	General Plant	(23,473)	(1,552)	(25,025)		(25,025)
39	Total Accum. Depreciation/Amort.	(162,888)	(5,505)	(168,393)	-	(168,393)
40	NET PLANT	337,112	26,988	364,100	-	364,100
41	DEFERRED FIT	(73,856)	(5,281)	(79,137)		(79,137)
42	Net Plant After DFIT	263,256	21,707	284,963	-	284,963
43	GAS INVENTORY	9,116	-	9,116		9,116
44	GAIN ON SALE OF BUILDING	-	-	-		-
45	OTHER	(249)	1,474	1,225		1,225
46	WORKING CAPITAL	15,664	(4,182)	11,482		11,482
47	TOTAL RATE BASE	287,787	17,525	306,786	0	306,786
48	RATE OF RETURN	8.15%		6.98%		7.20%

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

No.	Description	May 1, 2018 (000's of Dollars)
1	Pro Forma Rate Base	\$ 306,786
2	Proposed Rate of Return	<u>7.20%</u>
3	Net Operating Income Requirement	\$22,090
4	Pro Forma Net Operating Income	<u>\$ 21,404</u>
5	Net Operating Income Deficiency	\$686
6	Conversion Factor	0.619798
7	Revenue Requirement - 2016	\$1,107
8	Total Base Distribution Revenues*	\$ 88,831
9	Percentage Base Distribution Revenue Increase	<u>1.25%</u>
10	Total Present Billed Revenue	\$ 152,089
11	Percentage Billed Revenue Increase	<u>0.73%</u>

* Line 8 "Total General Business Revenues" includes special contract transportation revenues.

**AVISTA UTILITIES
 PROPOSED COST OF CAPITAL
 WASHINGTON NATURAL GAS**

Staff Proposed Capital Structure*			
Component	Capital Structure	Cost	Weighted Cost
Long-Term Debt	2.90%	3.26%	0.09%
Short-Term Debt	48.60%	5.54%	2.69%
Total Debt	51.50%		2.79%
Common Equity	48.50%	9.10%	4.41%
Total	100.00%		7.20%

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

AVISTA UTILITIES
 REVENUE CONVERSION FACTOR
 WASHINGTON NATURAL GAS
 TWELVE MONTHS ENDED DECEMBER 31, 2016

Line No.	Description	Factor
1	Revenues	1.000000
	Expense:	
2	Uncollectibles	0.006183
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038282
5	Total Expense	<u>0.046465</u>
6	Net Operating Income Before FIT	0.953535
7	Federal Income Tax @ 35%	0.333737
8	REVENUE CONVERSION FACTOR	<u><u>0.619798</u></u>

Traditional Pro Forma Study

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

Line No.	DESCRIPTION	Actual Results										
		Per Results Report	Deferred FIT Rate Base	Deferred Debits and Credits	Contested Working Capital	Eliminate B & O Taxes	Contested Restate Property Tax	Contested Uncollectible Expense	Regulatory Expense	Injuries & Damages	FIT / DFIT Expense	
		1.00	1.01	1.02	1.03	2.01	2.02	2.03	2.04	2.05	2.06	
		G-ROO	G-DFIT	G-DDC	G-WC	G-EBO	G-RPT	G-UE	G-RE	G-ID	G-FIT	
	Adjustment Number	1.00	1.01	1.02	1.03	2.01	2.02	2.03	2.04	2.05	2.06	
	Workpaper Reference	G-ROO	G-DFIT	G-DDC	G-WC	G-EBO	G-RPT	G-UE	G-RE	G-ID	G-FIT	
	REVENUES											
2	Total General Business	\$ 146,098	\$ -	\$ -	\$ -	\$ (5,097)	\$ -	\$ -	\$ -	\$ -	\$ -	
	Total Transportation	4,595	-	-	-	(118)	-	-	-	-	-	
3	Other Revenues	69,723	-	-	-	-	-	-	-	-	-	
	Total Gas Revenues	220,416	-	-	-	(5,215)	-	-	-	-	-	
	EXPENSES											
5	Production Expenses											
5	City Gate Purchases	112,605	-	-	-	-	-	-	-	-	-	
6	Purchased Gas Expense	988	-	-	-	-	-	-	-	-	-	
7	Net Nat Gas Storage Trans	2,932	-	-	-	-	-	-	-	-	-	
7	Total Production	116,525	-	-	-	-	-	-	-	-	-	
8	Underground Storage											
10	Operating Expenses	974	-	-	-	-	-	-	-	-	-	
11	Depreciation/Amortization	492	-	-	-	-	-	-	-	-	-	
12	Taxes	210	-	-	-	-	-	-	-	-	-	
	Total Underground Storage	1,676	-	-	-	-	-	-	-	-	-	
13	Distribution											
14	Operating Expenses	12,049	-	-	-	-	-	-	-	-	-	
15	Depreciation/Amortization	9,866	-	-	-	-	-	-	-	-	-	
16	Taxes	12,807	-	-	-	(5,183)	259	-	-	-	-	
	Total Distribution	34,722	-	-	-	(5,183)	259	-	-	-	-	
17	Customer Accounting	7,352	-	2	-	-	-	(386)	-	-	-	
18	Customer Service & Information	7,595	-	-	-	-	-	-	-	-	-	
19	Sales Expenses	-	-	-	-	-	-	-	-	-	-	
	Administrative & General											
20	Operating Expenses	13,763	-	-	-	-	-	-	(3)	76	-	
21	Depreciation/Amortization	6,260	-	-	-	-	-	-	-	-	-	
22	Regulatory Amortizations	-	-	-	-	-	-	-	-	-	-	
23	Taxes	-	-	-	-	-	-	-	-	-	-	
24	Total Admin. & General	20,023	-	-	-	-	-	-	(3)	76	-	
25	Total Gas Expense	187,893	-	2	-	(5,183)	259	(386)	(3)	76	-	
26	OPERATING INCOME BEFORE FIT	32,523	-	(2)	-	(32)	(259)	386	3	(76)	-	
	FEDERAL INCOME TAX											
27	Current Accrual	(841)	-	(1)	-	(11)	(91)	135	1	(27)	-	
28	Debt Interest	-	3	-	41	-	-	-	-	-	-	
29	Deferred FIT	9,923	-	-	-	-	-	-	-	-	-	
30	Amort ITC	(17)	-	-	-	-	-	-	-	-	-	
31	NET OPERATING INCOME	\$ 23,458	\$ (3)	\$ (1)	\$ (41)	\$ (21)	\$ (168)	\$ 251	\$ 2	\$ (49)	\$ -	
	RATE BASE											
	PLANT IN SERVICE											
32	Underground Storage	\$ 26,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
33	Distribution Plant	390,508	-	-	-	-	-	-	-	-	-	
34	General Plant	82,624	-	-	-	-	-	-	-	-	-	
35	Total Plant in Service	500,000	-	-	-	-	-	-	-	-	-	
	ACCUMULATED DEPRECIATION/AMORT											
36	Underground Storage	(10,317)	-	-	-	-	-	-	-	-	-	
37	Distribution Plant	(129,098)	-	-	-	-	-	-	-	-	-	
38	General Plant	(23,473)	-	-	-	-	-	-	-	-	-	
39	Total Accumulated Depreciation/Amortization	(162,888)	-	-	-	-	-	-	-	-	-	
40	NET PLANT	337,112	-	-	-	-	-	-	-	-	-	
41	DEFERRED TAXES	(73,856)	(325)	-	-	-	-	-	-	-	-	
42	Net Plant After DFIT	263,256	(325)	-	-	-	-	-	-	-	-	
43	GAS INVENTORY	9,116	-	-	-	-	-	-	-	-	-	
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-	-	-	-	
45	OTHER	(249)	-	-	-	-	-	-	-	-	-	
46	WORKING CAPITAL	15,664	-	-	(4,182)	-	-	-	-	-	-	
47	TOTAL RATE BASE	\$ 287,787	\$ (325)	\$ -	\$ (4,182)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
50	RATE OF RETURN	8.15%										
51	REVENUE REQUIREMENT	(4,414)	(33)	2	(420)	34	272	(405)	(3)	80	-	

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

Traditional Pro Forma Study

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

Line No.	DESCRIPTION	CF *			CF *			Contested		Contested
		Office Space Charges to Subs	Restate Excise Taxes	Net Gains & Losses	Weather Normalization / Gas Cost Adjust	Eliminate Adder Schedules	Misc. Restating Non-Util / Non-Recurring Expenses	Project Compass Deferral	Restating Incentives	Restate Debt Interest
		2.07	2.08	2.09	2.10	2.11	2.12	2.13	2.14	2.15
	Workpaper Reference	G-OSC	G-RET	G-NGL	G-WNGC	G-EAS	G-MR	G-CD	G-RI	G-DI
REVENUES										
2	Total General Business	\$ -	\$ -	\$ -	\$ 11,209	\$ (1,240)	\$ -	\$ -	\$ -	\$ -
	Total Transportation	-	-	-	-	-	-	-	-	-
3	Other Revenues	-	-	-	(5,427)	(63,276)	-	-	-	-
	Total Gas Revenues	-	-	-	5,782	(64,516)	-	-	-	-
EXPENSES										
5	Production Expenses	-	-	-	-	-	-	-	-	-
5	City Gate Purchases	-	-	-	5,274	(54,419)	-	-	-	-
6	Purchased Gas Expense	-	-	-	6	-	-	-	-	-
7	Net Nat Gas Storage Trans	-	-	-	-	(2,932)	-	-	-	-
7	Total Production	-	-	-	5,280	(57,351)	-	-	-	-
8	Underground Storage	-	-	-	-	-	-	-	-	-
10	Operating Expenses	-	-	-	-	-	-	-	-	-
11	Depreciation/Amortization	-	-	-	-	-	-	-	-	-
12	Taxes	-	-	-	-	-	-	-	-	-
	Total Underground Storage	-	-	-	-	-	-	-	-	-
13	Distribution	-	-	-	-	-	-	-	-	-
14	Operating Expenses	-	-	-	-	-	1	-	-	-
15	Depreciation/Amortization	-	-	(13)	-	-	-	-	-	-
16	Taxes	-	2	-	429	(47)	-	-	-	-
	Total Distribution	-	2	(13)	429	(47)	1	-	-	-
17	Customer Accounting	-	-	-	69	(8)	-	-	-	-
18	Customer Service & Information	-	-	-	-	(6,632)	-	-	-	-
19	Sales Expenses	-	-	-	-	-	-	-	-	-
Administrative & General										
20	Operating Expenses	(9)	-	-	22	(2)	(316)	-	(167)	-
21	Depreciation/Amortization	-	-	-	-	-	-	-	-	-
22	Regulatory Amortizations	-	-	-	-	-	-	1,079	-	-
23	Taxes	-	-	-	-	-	-	-	-	-
24	Total Admin. & General	(9)	-	-	22	(2)	(316)	1,079	(167)	-
25	Total Gas Expense	(9)	2	(13)	5,800	(64,040)	(315)	1,079	(167)	-
26	OPERATING INCOME BEFORE FIT	9	(2)	13	(18)	(476)	315	(1,079)	167	-
FEDERAL INCOME TAX										
27	Current Accrual	3	(1)	5	(6)	(167)	110	(378)	58	(67)
28	Debt Interest	-	-	-	-	-	-	-	-	-
29	Deferred FIT	-	-	-	-	-	-	-	-	-
30	Amort ITC	-	-	-	-	-	-	-	-	-
31	NET OPERATING INCOME	\$ 6	\$ (1)	\$ 8	\$ (12)	\$ (309)	\$ 205	\$ (701)	\$ 109	\$ 67
RATE BASE										
PLANT IN SERVICE										
32	Underground Storage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Distribution Plant	-	-	-	-	-	-	-	-	-
34	General Plant	-	-	-	-	-	-	-	-	-
35	Total Plant in Service	-	-	-	-	-	-	-	-	-
ACCUMULATED DEPRECIATION/AMORT										
36	Underground Storage	-	-	-	-	-	-	-	-	-
37	Distribution Plant	-	-	-	-	-	-	-	-	-
38	General Plant	-	-	-	-	-	-	-	-	-
39	Total Accumulated Depreciation/Amortization	-	-	-	-	-	-	-	-	-
40	NET PLANT	-	-	-	-	-	-	-	-	-
41	DEFERRED TAXES	-	-	-	-	-	-	-	-	-
42	Net Plant After DFIT	-	-	-	-	-	-	-	-	-
43	GAS INVENTORY	-	-	-	-	-	-	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-	-	-
45	OTHER	-	-	-	-	-	-	-	-	-
46	WORKING CAPITAL	-	-	-	-	-	-	-	-	-
47	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	RATE OF RETURN	-	-	-	-	-	-	-	-	-
51	REVENUE REQUIREMENT	(9)	2	(14)	19	499	(330)	1,132	(175)	(108)

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

Traditional Pro Forma Study

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

Line No.	DESCRIPTION	Contested			Contested			Contested	
		Restate AMA to EOP	Restated TOTAL	Pro Forma Atmospheric Testing & Leak Survey	Pro Forma Labor Non-Exec	Pro Forma Labor Exec	Pro Forma Employee Benefits	Pro Forma Incentive Adjustment	Pro Forma Property Tax
		2.16		3.01	3.02	3.03	3.04	3.05	3.06
			R-Ttl	G-PAT	G-PLN	G-PLE	G-PEB	G-PI	G-PPT
REVENUES									
2	Total General Business	\$ -	\$ 150,970	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total Transportation	-	\$ 4,477	-	-	-	-	-	-
3	Other Revenues	-	\$ 1,020	-	-	-	-	-	-
	Total Gas Revenues	-	156,467	-	-	-	-	-	-
EXPENSES									
5	Production Expenses								
5	City Gate Purchases	-	63,460	-	-	-	-	-	-
6	Purchased Gas Expense	-	994	-	31	-	(6)	-	-
7	Net Nat Gas Storage Trans	-	-	-	-	-	-	-	-
7	Total Production	-	64,454	-	31	-	(6)	-	-
8	Underground Storage								
10	Operating Expenses	-	974	-	-	-	-	-	-
11	Depreciation/Amortization	-	492	-	-	-	-	-	-
12	Taxes	-	210	-	-	-	-	-	39
	Total Underground Storage	-	1,676	-	-	-	-	-	39
13	Distribution								
14	Operating Expenses	-	12,050	348	371	-	(76)	-	-
15	Depreciation/Amortization	-	9,853	-	-	-	-	-	-
16	Taxes	-	8,267	-	-	-	-	-	390
	Total Distribution	-	30,170	348	371	-	(76)	-	390
17	Customer Accounting	-	7,029	-	203	-	(41)	-	-
18	Customer Service & Information	-	963	-	18	-	(4)	-	-
19	Sales Expenses	-	-	-	-	-	-	-	-
Administrative & General									
20	Operating Expenses	-	13,364	-	251	(10)	(49)	-	-
21	Depreciation/Amortization	-	6,260	-	-	-	-	-	-
22	Regulatory Amortizations	-	1,079	-	-	-	-	-	-
23	Taxes	-	-	-	-	-	-	-	-
24	Total Admin. & General	-	20,703	-	251	(10)	(49)	-	-
25	Total Gas Expense	-	124,995	348	874	(10)	(176)	-	429
26	OPERATING INCOME BEFORE FIT	-	31,472	(348)	(874)	10	176	-	(429)
FEDERAL INCOME TAX									
27	Current Accrual	-	(1,276)	(122)	(306)	4	62	-	(150)
28	Debt Interest	(138)	(94)	-	-	-	-	-	-
29	Deferred FIT	-	9,923	-	-	-	-	-	-
30	Amort ITC	-	(17)	-	-	-	-	-	-
31	NET OPERATING INCOME	\$ 138	\$ 22,936	\$ (226)	\$ (568)	\$ 7	\$ 114	\$ -	\$ (279)
RATE BASE									
PLANT IN SERVICE									
32	Underground Storage	275	\$ 27,143	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Distribution Plant	18,072	408,580	-	-	-	-	-	-
34	General Plant	4,238	86,862	-	-	-	-	-	-
35	Total Plant in Service	22,585	522,585	-	-	-	-	-	-
ACCUMULATED DEPRECIATION/AMORT									
36	Underground Storage	(155)	(10,472)	-	-	-	-	-	-
37	Distribution Plant	(3,730)	(132,828)	-	-	-	-	-	-
38	General Plant	(1,393)	(24,866)	-	-	-	-	-	-
39	Total Accumulated Depreciation/Amortization	(5,278)	(168,166)	-	-	-	-	-	-
40	NET PLANT	17,307	354,419	-	-	-	-	-	-
41	DEFERRED TAXES	(3,147)	(77,328)	-	-	-	-	-	-
42	Net Plant After DFIT	14,160	277,091	-	-	-	-	-	-
43	GAS INVENTORY	-	9,116	-	-	-	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-	-
45	OTHER	-	(249)	-	-	-	-	-	-
46	WORKING CAPITAL	-	11,482	-	-	-	-	-	-
47	TOTAL RATE BASE	\$ 14,160	\$ 297,440	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	RATE OF RETURN								
51	REVENUE REQUIREMENT	1,422	(2,451)	365	917	(10)	(185)	-	450

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

Traditional Pro Forma Study

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

Line No.	DESCRIPTION	CF *			Contested	Contested	Contested	Contested
		Pro Forma IS/IT Expense	Pro Forma Revenue Normalization	Pro Forma Regulatory Amortization	Pro Forma 2017 Threshold Capital Adds	Pro Forma O&M Offsets	Pro Forma Director Fees Expense	Pro Forma LEAP Deferral Gas Line Ext.
		3.07	3.08	3.09	3.10	3.11	3.12	3.13
	Adjustment Number							
	Worksheet Reference	G-PIS	G-PREV	G-PRA	G-PCAP16	G-POFF	G-PDF	G-PLEAP
	REVENUES							
2	Total General Business	\$ -	\$ (66,671)	\$ -	\$ -	\$ -	\$ -	\$ -
	Total Transportation	-	56	-	-	-	-	-
3	Other Revenues	-	(776)	-	-	-	-	-
	Total Gas Revenues	-	(67,391)	-	-	-	-	-
	EXPENSES							
5	Production Expenses							
5	City Gate Purchases	-	(63,460)	-	-	-	-	-
6	Purchased Gas Expense	-	-	-	-	-	-	-
7	Net Nat Gas Storage Trans	-	-	-	-	-	-	-
7	Total Production	-	(63,460)	-	-	-	-	-
8	Underground Storage							
10	Operating Expenses	-	-	-	-	-	-	-
11	Depreciation/Amortization	-	-	-	-	-	-	-
12	Taxes	-	-	-	-	-	-	-
	Total Underground Storage	-	-	-	-	-	-	-
13	Distribution							
14	Operating Expenses	-	-	-	-	-	-	-
15	Depreciation/Amortization	-	-	-	210	-	-	-
16	Taxes	-	(2,550)	-	-	-	-	-
	Total Distribution	-	(2,550)	-	210	-	-	-
17	Customer Accounting	-	(412)	-	-	-	-	-
18	Customer Service & Information	-	-	-	-	-	-	-
19	Sales Expenses	-	-	-	-	-	-	-
	Administrative & General							
20	Operating Expenses	201	(133)	-	-	-	-	-
21	Depreciation/Amortization	-	-	-	280	-	-	-
22	Regulatory Amortizations	-	-	(1,079)	-	-	-	584
23	Taxes	-	-	-	-	-	-	-
24	Total Admin. & General	201	(133)	(1,079)	280	-	-	584
25	Total Gas Expense	201	(66,555)	(1,079)	490	-	-	584
26	OPERATING INCOME BEFORE FIT	(201)	(836)	1,079	(490)	-	-	(584)
	FEDERAL INCOME TAX							
27	Current Accrual	(70)	(293)	378	(172)	-	-	(204)
28	Debt Interest	-	-	-	(77)	-	-	(14)
29	Deferred FIT	-	-	-	-	-	-	-
30	Amort ITC	-	-	-	-	-	-	-
31	NET OPERATING INCOME	\$ (131)	\$ (543)	\$ 701	\$ (242)	\$ -	\$ -	\$ (365)
	RATE BASE							
	PLANT IN SERVICE							
32	Underground Storage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Distribution Plant	-	-	-	8,338	-	-	-
34	General Plant	-	-	-	1,570	-	-	-
35	Total Plant in Service	-	-	-	9,908	-	-	-
	ACCUMULATED DEPRECIATION/AMORT							
36	Underground Storage	-	-	-	-	-	-	-
37	Distribution Plant	-	-	-	(68)	-	-	-
38	General Plant	-	-	-	(159)	-	-	-
39	Total Accumulated Depreciation/Amortization	-	-	-	(227)	-	-	-
40	NET PLANT	-	-	-	9,681	-	-	-
41	DEFERRED TAXES	-	-	-	(1,809)	-	-	-
42	Net Plant After DFIT	-	-	-	7,872	-	-	-
43	GAS INVENTORY	-	-	-	-	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-
45	OTHER	-	-	-	-	-	-	1,474
46	WORKING CAPITAL	-	-	-	-	-	-	-
47	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ 7,872	\$ -	\$ -	\$ 1,474
50	RATE OF RETURN							
51	REVENUE REQUIREMENT	211	877	(1,132)	1,305	-	-	761

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

Traditional Pro Forma Study

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

Line No.	DESCRIPTION	Contested		
		Pro Forma Sub-Total	EOP 2017 Capital Net Plant Adj	EOP Pro Forma Total
	Adjustment Number		3.14	
	Workpaper Reference	PF-STH	G-EOPCAP17	
	REVENUES			
2	Total General Business	\$ 84,299	\$ -	\$ 84,299
	Total Transportation	4,533	-	4,533
3	Other Revenues	244	-	244
	Total Gas Revenues	89,076	-	89,076
	EXPENSES			
5	Production Expenses			
5	City Gate Purchases	-	-	-
6	Purchased Gas Expense	1,019	-	1,019
7	Net Nat Gas Storage Trans	-	-	-
7	Total Production	1,019	-	1,019
8	Underground Storage			
10	Operating Expenses	974	-	974
11	Depreciation/Amortization	492	-	492
12	Taxes	249	-	249
	Total Underground Storage	1,715	-	1,715
13	Distribution			
14	Operating Expenses	12,693	-	12,693
15	Depreciation/Amortization	10,063	-	10,063
16	Taxes	6,107	-	6,107
	Total Distribution	28,863	-	28,863
17	Customer Accounting	6,779	-	6,779
18	Customer Service & Information	977	-	977
19	Sales Expenses	-	-	-
	Administrative & General			
20	Operating Expenses	13,624	-	13,624
21	Depreciation/Amortization	6,540	-	6,540
22	Regulatory Amortizations	584	-	584
23	Taxes	-	-	-
24	Total Admin. & General	20,748	-	20,748
25	Total Gas Expense	60,101	-	60,101
26	OPERATING INCOME BEFORE FIT	28,975	-	28,975
	FEDERAL INCOME TAX			
27	Current Accrual	(2,150)	-	(2,150)
28	Debt Interest	(185)	-	(185)
29	Deferred FIT	9,923	-	9,923
30	Amort ITC	(17)	-	(17)
31	NET OPERATING INCOME	\$ 21,404	\$ -	\$ 21,404
	RATE BASE			
	PLANT IN SERVICE			
32	Underground Storage	\$ 27,143	\$ -	\$ 27,143
33	Distribution Plant	416,918	-	416,918
34	General Plant	88,432	-	88,432
35	Total Plant in Service	532,493	-	532,493
	ACCUMULATED DEPRECIATION/AMORT			
36	Underground Storage	(10,472)	\$ -	(10,472)
37	Distribution Plant	(132,896)	-	(132,896)
38	General Plant	(25,025)	-	(25,025)
39	Total Accumulated Depreciation/Amortization	(168,393)	-	(168,393)
40	NET PLANT	364,100	-	364,100
41	DEFERRED TAXES	(79,137)	-	(79,137)
42	Net Plant After DFIT	284,963	-	284,963
43	GAS INVENTORY	9,116	-	9,116
44	GAIN ON SALE OF BUILDING	-	-	-
45	OTHER	1,225	-	1,225
46	WORKING CAPITAL	11,482	-	11,482
47	TOTAL RATE BASE	\$ 306,786	\$ -	\$ 306,786
50	RATE OF RETURN			
51	REVENUE REQUIREMENT	1,107	-	1,107

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

AVISTA UTILITIES Comparison of Revenue Requirement Revised Adjustments

(000's OF DOLLARS)

Item	Description	Avista FILED CASE		Revenue Requirement		STAFF Washington Gas		Rate Base		STAFF Revenue Requirement @ 7.69%		STAFF Revenue Requirement @ 7.20%		Difference
		NOI	Rate Base	at 7.69%	NOI	Washington Gas	Rate Base	7.69%	7.20%					
1.00	Per Results Report	23,458	287,787	(2,138)	23,458	287,787	(2,138)				(4,414)	0		
1.01	Deferred FIT Rate Base	(3)	(325)	(35)	(3)	(325)	(35)				(33)	0		
1.02	Deferred Debits and Credits	(1)	0	2	(1)	0	2				2	0		
1.03	Working Capital	(9)	(864)	(93)	(41)	(4,182)	(452)				(420)	(359)		
2.00														
	Actual	23,445	286,598	(2,264)	23,413	283,280	(2,623)				(4,865)	(359)		
2.01	Eliminate B & O Taxes	(21)	0	34	(21)	0	34				34	0		
2.02	Restate Property Tax	(244)	0	393	(168)	0	271				272	(122)		
5.00	Uncollectible Expense	384	0	(618)	251	0	(404)				(405)	214		
2.04	Regulatory Expense	2	0	(3)	2	0	(3)				(3)	0		
6.00	Injuries & Damages	(49)	0	80	(49)	0	80				80	0		
2.06	FIT / DFIT Expense	0	0	0	0	0	0				0	0		
7.00	Office Space Charges to Subs	6	0	(9)	6	0	(9)				(9)	0		
2.08	Restate Excise Taxes	(1)	0	2	(1)	0	2				2	0		
8.00	Net Gains & Losses	8	0	(14)	8	0	(14)				(14)	0		
2.11	Weather Normalization / Gas Cost Adjust	(3)	0	4	(12)	0	19				19	15		
2.12	Eliminate Adder Schedules	(310)	0	500	(309)	0	499				499	(1)		
2.13	Misc. Restating Non-Util / Non- Recurring Expenses	205	0	(330)	205	0	(330)				(330)	0		
2.14	Project Compass Deferral	(701)	0	1,130	(701)	0	1,130				1,132	0		
2.15	Restating Incentive	118	0	(190)	109	0	(175)				(175)	15		
2.16	Restate Debt Interest	171	0	(276)	67	0	(108)				(108)	168		
	Restate Plant from AMA to EOP				138	14,160	1,422				1,422	1,532		
	Restated Total	23,009	286,598	(1,561)	22,936	297,440	(99)				(2,449)	1,462		
3.01														
3.02	Pro Forma Atmospheric Testing & Leak Survey	(226)	0	364	(226)	0	364				365	0		
3.03	Pro Forma Labor Non-Exec	(568)	0	915	(568)	0	915				917	0		
	Pro Forma Labor Exec	7	0	(10)	7	0	(10)				(10)	0		
3.04	Pro Forma Employee Benefits	114	0	(184)	114	0	(184)				(185)	0		
3.05	Pro Forma Incentive Adjustment	(22)	0	35	0	0	0				0	(35)		
3.06	Pro Forma Property Tax	(309)	0	498	(279)	0	449				450	(49)		
3.07	Pro Forma IS/IT Expense	(131)	0	211	(131)	0	211				211	0		
3.08	Pro Forma Revenue Normalization	(599)	0	965	(543)	0	876				877	(89)		
3.09	Pro Forma Regulatory Amortization	701	0	(1,130)	701	0	(1,130)				(1,132)	0		
3.10	Pro Forma 2017 Threshold Capital Add	(848)	17,841	3,577	(242)	7,872	1,365				1,305	(2,212)		
3.11	Pro Forma O&M Offsets	21	0	(34)	0	0	0				0	34		
3.12	Pro Forma Director Fees Expense	(70)	0	113	0	0	0				0	(113)		
3.13	Pro Forma LEAP Deferral Gas Line Ext.	(365)	1,474	771	(365)	1,474	771				761	0		
3.14	EOP 2017 Capital Net Rate Base (EOP)				0	0	0				0	0		
	Pro Forma Total	\$20,712	\$305,913	\$4,531	\$21,404	\$306,786	\$3,528				\$1,107	(\$1,002)		

Avista Proposed
Difference
ROR impact
\$1,107