

**Exh. JH-5**  
**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**

*Restating Incentives and Pro Forma Incentive Expenses*

**October 27, 2017**

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

Line No.	DESCRIPTION	Restating Incentives
	Adjustment Number	2.15
	Workpaper Reference	E-RI
REVENUES		
1	Total General Business	\$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	(580)
22	Depreciation/Amortization	-
23	Taxes	-
24	Total Admin. & General	(580)
25	Total Electric Expenses	(580)
26	OPERATING INCOME BEFORE FIT	580
FEDERAL INCOME TAX		
27	Current Accrual	203
28	Debt Interest	-
29	Deferred Income Taxes	-
30	Amortized ITC - Noxon	-
31	NET OPERATING INCOME	377
RATE BASE		
PLANT IN SERVICE		
32	Intangible	\$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

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

Line No.	DESCRIPTION	Restating Incentives
	Adjustment Number	2.14
	Workpaper Reference	G-RI
REVENUES		
1	Total General Business	\$ -
2	Total Transportation	-
3	Other Revenues	-
4	Total Gas Revenues	-
EXPENSES		
Production Expenses		
5	City Gate Purchases	-
6	Purchased Gas Expense	-
7	Net Nat Gas Storage Trans	-
8	Total Production	-
Underground Storage		
9	Operating Expenses	-
10	Depreciation/Amortization	-
11	Taxes	-
12	Total Underground Storage	-
Distribution		
13	Operating Expenses	-
14	Depreciation/Amortization	-
15	Taxes	-
16	Total Distribution	-
17	Customer Accounting	-
18	Customer Service & Information	-
19	Sales Expenses	-
Administrative & General		
20	Operating Expenses	(167)
21	Depreciation/Amortization	-
22	Regulatory Amortizations	-
23	Taxes	-
24	Total Admin. & General	(167)
25	Total Gas Expense	(167)
26	OPERATING INCOME BEFORE FIT	167
FEDERAL INCOME TAX		
27	Current Accrual	59
28	Debt Interest	-
29	Deferred FIT	-
30	Amort ITC	-
31	NET OPERATING INCOME	\$ 109
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	\$ -

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

Line No.	DESCRIPTION	Pro Forma Incentive Expense
	Adjustment Number	3.05
	Workpaper Reference	E-PI
REVENUES		
1	Total General Business	\$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	\$0
RATE BASE		
PLANT IN SERVICE		
32	Intangible	\$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

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

Line No.	DESCRIPTION	Pro Forma Incentive Expense
	Adjustment Number	3.05
	Workpaper Reference	G-PI
<b>REVENUES</b>		
1	Total General Business	\$ -
2	Total Transportation	-
3	Other Revenues	-
4	Total Gas Revenues	-
<b>EXPENSES</b>		
Production Expenses		
5	City Gate Purchases	-
6	Purchased Gas Expense	-
7	Net Nat Gas Storage Trans	-
8	Total Production	-
Underground Storage		
9	Operating Expenses	-
10	Depreciation/Amortization	-
11	Taxes	-
12	Total Underground Storage	-
Distribution		
13	Operating Expenses	-
14	Depreciation/Amortization	-
15	Taxes	-
16	Total Distribution	-
17	Customer Accounting	-
18	Customer Service & Information	-
19	Sales Expenses	-
Administrative & General		
20	Operating Expenses	-
21	Depreciation/Amortization	-
22	Regulatory Amortizations	-
23	Taxes	-
24	Total Admin. & General	-
25	Total Gas Expense	-
26	OPERATING INCOME BEFORE FIT	-
FEDERAL INCOME TAX		
27	Current Accrual	-
28	Debt Interest	-
29	Deferred FIT	-
30	Amort ITC	-
31	NET OPERATING INCOME	\$ -
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	\$ -

AVISTA UTILITIES  
WASHINGTON ELECTRIC AND NATURAL GAS RESULTS  
TWELVE MONTHS ENDED DECEMBER 31, 2016  
Restating Incentive  
Nos: 3.05 E-RI/3.05 G-RI

<b>INCENTIVE RESTATING ADJUSTMENT 2016</b>
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12 ME 12.31.2016 Actual Incentive Expense	Non-Executive Officer	Executive Officer	Total
Capital	\$ 3,424,083	\$ -	\$ 3,424,083
Non-Operating	\$ 62,602	\$ 1,802,292	\$ 1,864,894
Operating	\$ 6,858,539	\$ 1,847,042	\$ 8,705,581
Other	\$ 984,645	\$ -	\$ 984,645
<b>Total Actual Incentive</b>	<b>\$ 11,329,869</b>	<b>\$ 3,649,334</b>	<b>\$ 14,979,203</b>

<b>Adjustment - Calculation</b>
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Total Incentive based on Six Year Average (Exh. JH-5, page 6)	5,868,127	1,089,322	6,957,449
Total Incentive based on Six Year Average (plus payroll tax)	6,337,577	1,176,468	7,514,045
Total Actual Operating Incentive (per book from above)	<b>6,858,539</b>	<b>1,847,042</b>	<b>8,705,581</b>
Total Incentive based on Six Year Average	6,337,577	1,176,468	7,514,045
<b>Restating Adjustment</b>	<b>\$ (520,962)</b>	<b>\$ (670,574)</b>	<b>\$ (1,191,536)</b>

Allocated to Washington Electric

0.71326 Note 7	
0.68270 Note 4	\$ (580,210)

Allocated to Washington Gas

0.19958 Note 7	
0.70287 Note 4	\$ (167,147)

Allocated to Idaho Electric

0.71326 Note 7	
0.31730 Note 4	\$ (269,665)

Allocated to Idaho Gas

0.19958 Note 7	
0.29713 Note 4	\$ (70,660)

Allocated to Oregon

0.08716 Note 7	
	\$ (103,854)

AVISTA UTILITIES  
WASHINGTON ELECTRIC AND NATURAL GAS RESULTS  
TWELVE MONTHS ENDED DECEMBER 31, 2016  
Restating Incentive  
Nos: 3.05 E-RI/3.05 G-RI

Does not include payroll tax  
Source: Human Resources

2011-2016 Incentive Compensation by Employee Group  
Target and Incentive for Plan Year

	%	Non-Executive		Executive	
		Target	Actual	Target	Actual
2010 O & M			7,698,671	2010 O & M	2,154,190 926,302
2011 Capital	37%	\$ 6,894,011	\$ 2,578,313	2011 Operating	\$ 2,079,950 \$ 1,847,025
Non-Operating			\$ -	Non-Operating	27.24% \$ 503,130
Operating			\$ 2,578,313		
Other			\$ -		
2012 Capital	99%	\$ 7,244,373	\$ 7,147,282	2012 Operating	\$ 2,105,140 \$ 853,424
Non-Operating			\$ -	Non-Operating	\$ 853,424 \$ 853,424
Operating			\$ 7,147,282		
Other			\$ -		
2013 Capital	126%	\$ 9,415,611	\$ 11,880,541	2013 Operating	\$ 2,146,700 \$ 2,652,365
Non-Operating			20.95% \$ 2,488,973.57	Operating	\$ 1,591,419 \$ 1,591,419
Operating			1.52% \$ 180,583.89	Non-Operating	\$ 1,060,946
Other			58.40% \$ 6,938,235.99		
			19.13% \$ 2,272,747.10		
2014 Capital	149%	\$ 7,595,672	\$ 11,317,692	2014 Operating	\$ 2,329,406 \$ 3,494,016
Non-Operating			23.28% \$ 2,634,758.99	Operating	\$ 1,164,703 \$ 1,164,703
Operating			1.62% \$ 183,346.19	Non-Operating	\$ 2,329,313
Other			58.92% \$ 6,668,384.13		
			16.18% \$ 1,831,202.42		
2015 Capital	119%	\$ 8,400,998	\$ 10,002,519	2015 Operating	\$ 2,746,488 \$ 2,356,908
Non-Operating			24.09% \$ 2,409,606.92	Operating	\$ 1,284,491 \$ 1,284,491
Operating			1.53% \$ 153,038.55	Non-Operating	\$ 1,072,417
Other			60.65% \$ 6,066,528.01		
			13.73% \$ 1,373,345.91		
2016 Capital	109%	\$ 8,768,110	\$ 9,597,784	2016 Operating	\$ 2,620,026 \$ 3,572,530
Non-Operating			30.22% \$ 2,900,617.05	Operating	\$ 1,138,764 \$ 1,138,764
Operating			0.55% \$ 53,031.51	Non-Operating	\$ 2,433,766
Other			60.54% \$ 5,810,020.64		
			8.69% \$ 834,114.80		

O&M portion of 6-year Average **\$ 5,868,127**

O&M portion of 6-year Average **\$ 1,089,322**