

**Exhibit No. MC-9
Dockets UE-160228/UG-160229
Witness: Melissa Cheesman**

**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**

MELISSA CHEESMAN

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Pro Forma Employee Benefits (Electric 3.04, Gas 3.02)

August 17, 2016

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

Line No.	DESCRIPTION	Pro Forma Employee Benefits
	Pro Forma Adjustment Number	3.04
REVENUES		
1	Total General Business	\$ -
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	451
8	Purchased Power	-
9	Depreciation/Amortization	-
10	Regulatory Amortization	-
11	Taxes	-
12	Total Production & Transmission	451
Distribution		
13	Operating Expenses	332
14	Depreciation/Amortization	-
15	Regulatory Amortization	-
16	Taxes	-
17	Total Distribution	332
18	Customer Accounting	147
19	Customer Service & Information	14
20	Sales Expenses	-
Administrative & General		
21	Operating Expenses	396
22	Depreciation/Amortization	-
23	Taxes	-
24	Total Admin. & General	396
25	Total Electric Expenses	1,340
26	OPERATING INCOME BEFORE FIT	(1,340)
FEDERAL INCOME TAX		
27	Current Accrual	(469)
28	Debt Interest	-
29	Deferred Income Taxes	-
30	Amortized ITC - Noxon	-
31	NET OPERATING INCOME	(871)
RATE BASE		
PLANT IN SERVICE		
32	Intangible	-
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	-

AVISTA UTILITIES
WASHINGTON GAS RESULTS - PRO FORMA STUDY
PRO FORMA ADJUSTMENT
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Pro Forma Employee Benefits
	Pro Forma Adjustment Number	3.02
	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	13
7	Net Nat Gas Storage Trans	-
8	Total Production	13
	Underground Storage	
9	Operating Expenses	0
10	Depreciation/Amortization	-
11	Taxes	-
12	Total Underground Storage	0
	Distribution	
13	Operating Expenses	178
14	Depreciation/Amortization	-
15	Taxes	-
16	Total Distribution	178
17	Customer Accounting	93
18	Customer Service & Information	7
19	Sales Expenses	-
	Administrative & General	
20	Operating Expenses	108
21	Depreciation/Amortization	-
22	Regulatory Amortizations	-
23	Taxes	-
24	Total Admin. & General	108
25	Total Gas Expense	399
26	OPERATING INCOME BEFORE FIT	(399)
	FEDERAL INCOME TAX	
27	Current Accrual	(140)
28	Debt Interest	-
29	Deferred FIT	-
30	Amort ITC	-
31	NET OPERATING INCOME	\$ (259)
	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

Summary

Pro Forma Adjustment 3.04

Staff Adjustment

Washington Electric	Alloc ¹ %	Total		Total Benefit
		Retirement Pro Forma	Medical Pro Forma	
Total Production	26.04%	\$ 233,741	\$ 115,278	\$ 349,018
Total Transmission	7.66%	\$ 68,758	\$ 33,910	\$ 102,668
Total Production and Transmission		\$ 302,498	\$ 149,188	\$ 451,686
Total Distribution	24.76%	\$ 222,251	\$ 109,611	\$ 331,862
Customer Accounts	10.99%	\$ 98,649	\$ 48,652	\$ 147,301
Cust Service & Info	1.01%	\$ 9,066	\$ 4,471	\$ 13,537
Total Customer		\$ 107,715	\$ 53,123	\$ 160,838
Admin and General - Proforma	29.54%	\$ 265,157	\$ 130,772	\$ 395,929
Total		\$ 897,621	\$ 442,694	\$ 1,340,316
		(C)	(D)	
Total WA Electric Expense	100.00%	\$ 897,621	\$ 442,694	\$ 1,340,316
check		\$ 897,621	\$ 442,694	\$ 1,340,316

¹ Based on Labor and Wage adjustment -

File: "1) (WA 2016) FLB Forecast Labor Non-Executive.xlsx"

Tab (Worksheet): "Adjustment"

AVISTA UTILITIES

Summary

Pro Forma Adjustment 3.02

Staff Adjustment

Washington Gas	Alloc ¹ %	Total		Total Benefit
		Retirement Pro Forma	Medical Pro Forma	
Total Production	3.24%	\$ 8,665	\$ 4,273	\$ 12,938
Total Underground Storage	0.03%	\$ 80	\$ 40	\$ 120
Total Distribution	44.55%	\$ 119,142	\$ 58,759	\$ 177,901
customer Accounts	23.33%	\$ 62,392	\$ 30,771	\$ 93,163
Cust Service & Info	1.82%	\$ 4,867	\$ 2,400	\$ 7,268
Total Customer		\$ 67,260	\$ 33,171	\$ 100,431
Admin& General - Pro-Forma	27.03%	\$ 72,287	\$ 35,651	\$ 107,938
		\$ 72,287	\$ 35,651	\$ 107,938
		(C)	(D)	
Total WA Gas Expense	100.00%	\$ 267,433	\$ 131,894	\$ 399,328
check		\$ 267,433	\$ 131,894	\$ 399,328

¹ Based on Labor and Wage adjustment
File: "1) (WA 2016) FLB Forecast Labor Non-Executive.xlsx"
Tab (Worksheet): "Adjustment"

STAFF ADJUSTMENT

Medical and Retirement Adjustment

		Retirement	Medical	TOTAL
Pro-Forma Adjustment		\$ 32,588,578	\$ 30,230,585	\$ 62,819,163
12 Months Ending	9/30/2015	\$ (29,295,623)	\$ (28,606,545)	\$ (57,902,168)
Total Adjustment		\$3,292,955	\$1,624,040	\$4,916,995
O & M Allocation Percent		57.09%	57.09%	57.09%
Net O & M increase to utility		\$1,880,044	\$927,212	\$2,807,255
Washington Electric Labor	\$ 41,213,127.00			
Total OPER Labor	\$ 86,319,780.00			
% of total	47.74%	\$897,621	\$442,694	\$1,340,316
Idaho Electric Labor	\$ 20,128,498.00			
Total OPER Labor	\$ 86,319,780.00			
% of total	23.32%	\$438,398	\$216,212	\$654,611
Washington Gas Labor	\$ 12,278,859.00			
Total OPER Labor	\$ 86,319,780.00			
% of total	14.22%	\$267,433	\$131,894	\$399,328
Idaho Gas Labor	\$ 5,186,531.00			
Total OPER Labor	\$ 86,319,780.00			
% of total	6.01%	\$112,963	\$55,712	\$168,674
Oregon Gas Labor	\$ 7,512,765.00			
Total OPER Labor	\$ 86,319,780.00			
% of total	8.70%	\$163,628	\$80,699	\$244,327
	100.00%	\$1,880,044	\$927,212	\$2,807,255

Project Number	Task Number	Task Name	YEAR END REVISION		ORIGINAL FILING		STAFF Pro Forma Adjustment
			Test Period	Year End	Test Period	12 Months Ended	
08902310	925200	Int and Damages PB	VE 12.31.2015	1,585,278	09.30.2015	-55,744	
	926220	Health Insurance (Group Health)		328,553 (1)			
	926200	Int and Damages PB		392,666			
	926210	Employee Assistance		74,971			
	926215	Life/Other Insurance		800,117			
	926220	Health Insurance (Premier)		20,552,496 (1)		1,597,869	
	926225	401 (K)		7,928,616 (2)		500,297	
	926226	401(K) Non-Elect Con		280,533 (2)		50,604	
	926230	Pension FAS 87		24,379,430 (2)		2,742,054	
	926235	Deferred Comp		40,153			
	926240	FAS 106 (Post-Retirement Medical)		9,349,596 (1)		81,915	
	926245	FRA Benefit		1,809,909			
	926250	Cafeteria Contract		255,309			
09905867		SubTotal - Pension, 401(K), Post-Retirement Medical, Medical		62,819,163		4,916,995	
				67,797,566		MATCH	

12 Months Ended 09.30.2015	28,606,545
	29,295,623
	57,902,168

O&M Allocation Percentage	57.09%
WA Electric Labor Percent	2,807,255
WA Electric Increase	47.745%
WA Gas Labor Percent	1,940,316
WA Gas Increase	14.235%
	399,528

12 Months Ended 09.30.2015	30230,585
	39,588,578
	69,819,163

(1) Medical	30230,585
(2) Pension/401K	39,588,578
	69,819,163

Accounting Period BETWEEN '201410' AND '201509', , Expenditure Type Parameter 1 : '510 Payroll Benefits loading'

Accounting Period:<All>

Expenditure Type	Desc	Transaction Amount				Total
		CAP	NONOP	OPER	OTHER	
510 Payroll Benefits loading	Projects	16,709,779	779,912	35,245,527	8,998,420	61,733,638
Total		16,709,779	779,912	35,245,527	8,998,420	61,733,638
	Percent	27.07%	1.26%	57.09%	14.58%	100.00%