

Exhibit No. CSH-5  
Dockets UE-160228/UG-160229  
Witness: Christopher S. Hancock

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

CHRISTOPHER S. HANCOCK

STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION

*Natural Gas Attrition Study  
12 Months Ending December 2017*

August 17, 2016

2017 NATURAL GAS ATTRITION STUDY

CBR Line	DESCRIPTION	Determine Base Cost and Revenue to Escalate										After Attrition Adj. AMI Capital Project	2017 Revenue and Cost [H]+[I]+[J] = [K]
		12ME 12.2015 AMA	Commission Basis Report	Regulatory Amorts & Misc Adjs	Pro Forma Revenue Adjustment	Add 12.2015 Plant	Escalation Base	Escalation Factor	Escalation Amount [E]*[F]=[G]	Trended 2017 Non-Energy Cost [E]+[G]=[H]	(plus) Revenue Growth		
No.		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	
			REVISED	REVISED	REMOVED								
1	Total General Business	\$ 149,865	\$ -	\$ (65,808)	\$ -	\$ 84,057	1.90%	\$ -	\$ 84,057	\$ 1,597	REMOVED	\$ 85,654	
2	Total Transportation	\$ 4,054	\$ -	\$ 362	\$ -	\$ 4,416	-0.10%	\$ -	\$ 4,416	\$ (5)		\$ 4,411	
3	Other Revenues	\$ 7,129	\$ -	\$ (6,914)	\$ -	\$ 215	0.00%	\$ -	\$ 215	\$ -		\$ 215	
4	Total Gas Revenues	\$ 161,048	\$ -	\$ (72,360)	\$ -	\$ 88,688		\$ -	\$ 88,688	\$ 1,592		\$ 90,280	
	EXPENSES												
	Production Expenses												
5	City Gate Purchases	\$ 79,634	\$ -	\$ (79,634)	\$ -	\$ -		\$ 58	\$ 899	\$ -		\$ -	
6	Purchased Gas Expense	\$ 840	\$ -	\$ 1	\$ -	\$ 841	6.92%	\$ -	\$ 899	\$ -		\$ 899	
7	Net Nat Gas Storage Trans	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	
8	Total Production	\$ 80,474	\$ -	\$ (79,633)	\$ -	\$ 841		\$ 58	\$ 899	\$ -		\$ 899	
	Underground Storage												
9	Operating Expenses	\$ 857	\$ -	\$ -	\$ -	\$ 857	6.92%	\$ 59	\$ 916	\$ -		\$ 916	
10	Depreciation/Amortization	\$ 439	\$ -	\$ -	\$ -	\$ 439	7.27%	\$ 32	\$ 471	\$ -		\$ 471	
11	Taxes	\$ 196	\$ -	\$ -	\$ -	\$ 196	11.66%	\$ 23	\$ 219	\$ -		\$ 219	
12	Total Underground Storage	\$ 1,492	\$ -	\$ -	\$ -	\$ 1,492		\$ 114	\$ 1,606	\$ -		\$ 1,606	
	Distribution												
13	Operating Expenses	\$ 12,315	\$ -	\$ -	\$ -	\$ 12,315	6.92%	\$ 852	\$ 13,167	\$ -		\$ 13,167	
14	Depreciation/Amortization	\$ 9,088	\$ -	\$ -	\$ -	\$ 9,088	9.82%	\$ 893	\$ 9,981	\$ -		\$ 9,981	
15	Taxes	\$ 8,554	\$ -	\$ (2,504)	\$ -	\$ 6,050	11.66%	\$ 705	\$ 6,755	\$ 61		\$ 6,816	
16	Total Distribution	\$ 29,957	\$ -	\$ (2,504)	\$ -	\$ 27,453		\$ 2,450	\$ 29,903	\$ 61		\$ 29,964	
17	Customer Accounting	\$ 6,632	\$ -	\$ (441)	\$ -	\$ 6,191	6.92%	\$ 428	\$ 6,619	\$ 11		\$ 6,630	
18	Customer Service & Information	\$ 837	\$ -	\$ -	\$ -	\$ 837	6.92%	\$ 58	\$ 895	\$ -		\$ 895	
19	Sales Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	6.92%	\$ -	\$ -	\$ -		\$ -	
	Administrative & General												
20	Operating Expenses	\$ 14,007	\$ (179)	\$ (131)	\$ -	\$ 13,697	6.92%	\$ 948	\$ 14,645	\$ 3		\$ 14,648	
21	Depreciation/Amortization	\$ 5,649	\$ -	\$ -	\$ -	\$ 5,649	17.09%	\$ 965	\$ 6,614	\$ -		\$ 6,614	
22	Regulatory Amortizations	\$ (2,087)	\$ 3,166	\$ -	\$ -	\$ 1,079	0.00%	\$ -	\$ 1,079	\$ -		\$ 1,079	
23	Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	11.66%	\$ -	\$ -	\$ -		\$ -	
24	Total Admin. & General	\$ 17,569	\$ 2,987	\$ (131)	\$ -	\$ 20,425		\$ 1,913	\$ 22,338	\$ 3		\$ 22,341	
25	Total Gas Expense	\$ 136,961	\$ 2,987	\$ (82,709)	\$ -	\$ 57,239		\$ 5,022	\$ 62,261	\$ 75		\$ 62,336	
26	OPERATING INCOME BEFORE FIT	\$ 24,087	\$ (2,987)	\$ 10,349	\$ -	\$ 31,449		\$ (5,022)	\$ 26,427	\$ 1,517		\$ 27,944	

<sup>1</sup>Workpapers for 12.2015 Commission Basis Reports provided with Avista's response to Staff\_DR\_030-Attachment G.

2017 NATURAL GAS ATTRITION STUDY

CBR Line No.	DESCRIPTION	Determine Base Cost and Revenue to Escalate					Escalate Non-Energy Cost					
		12.2015 AMA Commission Basis Totals1	Regulatory Amort & Misc Adj	Pro Forma Revenue Adjustment	Add 12.2015 Plant	12.2015 AMA Escalation Base	Escalation Factor	Escalation Amount *[F]=[G]	Trended 2017 Non-Energy Cost [E]+[G]=[H]	(plus) Revenue Growth	After Attrition Adj AMI Capital Project	2017 Revenue and Cost [H]+[I]+[J]= [K]
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
27	FEDERAL INCOME TAX											
27	Current Accrual	\$ (456)	\$ (1,692)	3,622	-	\$ 1,474		(1,758)	(284)	531	-	247
28	Debt Interest	\$ (37)	\$ 33	-	-	\$ (4)		(340)	(344)	-	-	(344)
29	Deferred FIT	\$ 7,838	\$ -	-	-	\$ 7,838			7,838	-	-	7,838
30	Amort ITC	\$ (20)	\$ -	-	-	\$ (20)			(20)	-	-	(20)
31	NET OPERATING INCOME	\$ 16,762	\$ (1,327)	\$ 6,727	\$ -	\$ 22,162		\$ (2,924)	\$ 19,238	\$ 986	\$ -	\$ 20,224
	RATE BASE											
	PLANT IN SERVICE											
32	Underground Storage	\$ 25,720	\$ -	\$ -	\$ -	\$ 25,720	-0.62%	\$ (158)	25,562	-	-	25,562
33	Distribution Plant	\$ 360,612	\$ -	\$ -	\$ -	\$ 360,612	12.57%	45,343	405,955	-	-	405,955
34	General Plant	\$ 75,514	\$ -	\$ -	\$ -	\$ 75,514	16.79%	12,677	88,191	-	-	88,191
35	Total Plant in Service	\$ 461,846	\$ -	\$ -	\$ -	\$ 461,846		57,862	519,708	-	-	519,708
	ACCUMULATED DEPR/AMORT											
36	Underground Storage	\$ (9,906)	\$ -	\$ -	\$ -	\$ (9,906)	10.29%	(1,019)	(10,925)	-	-	(10,925)
37	Distribution Plant	\$ (121,623)	\$ -	\$ -	\$ -	\$ (121,623)	12.12%	(14,739)	(136,362)	-	-	(136,362)
38	General Plant	\$ (20,741)	\$ -	\$ -	\$ -	\$ (20,741)	15.26%	(3,164)	(23,905)	-	-	(23,905)
39	Total Accumulated Depr/Amort	\$ (152,270)	\$ -	\$ -	\$ -	\$ (152,270)		(18,923)	(171,193)	-	-	(171,193)
40	NET PLANT	\$ 309,576	\$ -	\$ -	\$ -	\$ 309,576		\$ 38,940	\$ 348,516	\$ -	\$ -	\$ 348,516
41	DEFERRED TAXES	\$ (64,929)	\$ -	\$ -	\$ -	\$ (64,929)	20.90%	(13,571)	(78,500)	-	-	(78,500)
42	Net Plant After DFIT	\$ 244,647	\$ -	\$ -	\$ -	\$ 244,647		25,369	270,016	-	-	270,016
43	GAS INVENTORY	\$ 12,740	\$ -	\$ -	\$ -	\$ 12,740	0.00%	-	12,740	-	-	12,740
44	GAIN ON SALE OF BUILDING	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	-	-	-	-	-
45	OTHER	\$ (485)	\$ -	\$ -	\$ -	\$ (485)	0.00%	-	(485)	-	-	(485)
46	WORKING CAPITAL	\$ 16,069	\$ (3,386)	\$ -	\$ -	\$ 12,683	0.00%	-	12,683	-	-	12,683
47	TOTAL RATE BASE	\$ 272,971	\$ (3,386)	\$ -	\$ -	\$ 269,585		\$ 25,369	\$ 294,954	\$ -	\$ -	\$ 294,954
48	RATE OF RETURN						6.14%					6.86%

NATURAL GAS COST AND REVENUE TREND CALCULATIONS 2007-2015

AVISTA UTILITIES  
WASHINGTON NATURAL GAS RESULTS  
(000'S OF DOLLARS)

Commission Basis Results of Operations

Line No.	DESCRIPTION	2007 Restated Total	2008 Restated Total	2009 Restated Total	2010 Restated Total	2011 Restated Total	2012 Restated Total	2013 Restated Total	2014 Restated Total	12/2015 Restated Total
<b>REVENUES</b>										
1	Total General Business	\$ 209,186	\$ 203,727	\$ 182,706	\$ 142,370	\$ 152,457	\$ 142,048	\$ 144,257	\$ 154,546	\$ 149,865
2	Total Transportation	3,263	3,269	3,275	3,155	3,448	3,627	3,915	3,960	4,054
3	Other Revenues	68,416	153,093	84,085	115,257	98,841	68,107	403	332	7,129
4	Total Gas Revenues	280,865	360,189	270,066	260,782	254,746	213,782	148,575	158,838	161,048
<b>EXPENSES</b>										
<b>Production Expenses</b>										
5	City Gate Purchases	222,364	310,276	194,267	197,494	188,167	139,073	76,801	84,187	79,634
6	Purchased Gas Expense	792	(9,103)	803	800	14	130	891	779	840
7	Net Nat Gas Storage Trans	283	2	10,720	(3,322)	(4,366)	4,352	-	-	-
8	Total Production	223,439	301,175	205,790	194,972	183,815	143,555	77,692	84,966	80,474
<b>Underground Storage</b>										
9	Operating Expenses	451	456	403	380	585	712	820	893	857
10	Depreciation/Amortization	310	276	393	348	395	438	380	402	439
11	Taxes	95	113	121	116	19	17	158	184	196
12	Total Underground Storage	856	825	917	844	999	1,167	1,358	1,479	1,492
<b>Distribution</b>										
13	Operating Expenses	6,467	6,123	7,700	7,696	8,854	9,511	10,820	10,704	12,315
14	Depreciation/Amortization	5,605	5,673	6,064	6,267	6,649	6,978	7,925	8,513	9,088
15	Taxes	9,844	8,941	8,746	7,223	8,051	7,825	8,116	8,719	8,554
16	Total Distribution	21,916	20,737	22,510	21,286	23,554	24,314	26,861	27,936	29,957
17	Customer Accounting	4,487	4,692	5,586	5,234	5,740	5,796	6,270	6,108	6,632
18	Customer Service & Information	4,658	5,169	7,609	9,505	9,777	6,955	983	865	837
19	Sales Expenses	516	442	497	105	3	3	-	-	-
<b>Administrative &amp; General</b>										
20	Operating Expenses	8,901	9,706	9,770	11,383	11,585	13,419	11,862	12,777	14,007
21	Depreciation/Amortization	1,498	1,803	1,999	2,412	2,734	3,276	3,868	4,389	5,649
22	Regulatory Amortizations	(815)	(242)	440	216	(186)	171	91	(91)	(2,087)
23	Taxes	20	17	19	24	-	(1)	-	-	-
24	Total Admin. & General	9,604	11,284	12,228	14,035	14,133	16,865	15,821	17,075	17,569
25	Total Gas Expense	265,476	344,324	255,137	245,981	238,021	198,655	128,988	138,429	136,961
26	OPERATING INCOME BEFORE FIT	15,389	15,865	14,929	14,801	16,725	15,127	19,587	20,409	24,087
<b>FEDERAL INCOME TAX</b>										
27	Current Accrual	5,010	506	2,468	(5,811)	(907)	(1,185)	4,253	(6,945)	(729)
28	Debt Interest	(1,442)	3,320	1,238	9,594	5,691	5,033	1,403	13,105	7,842
29	Deferred FIT	(31)	(31)	(30)	(29)	(27)	(25)	(24)	(20)	(20)
30	Amort ITC									
31	NET OPERATING INCOME	\$ 11,852	\$ 12,070	\$ 11,253	\$ 11,047	\$ 11,906	\$ 11,301	\$ 14,011	\$ 14,406	\$ 17,031

Note: The Regulatory Amortizations Category has been restated in prior years to reflect consistency with the current reporting format.

NATURAL GAS COST AND REVENUE TREND CALCULATIONS 2007-2015

AVISTA UTILITIES  
WASHINGTON NATURAL GAS RESULTS  
(000'S OF DOLLARS)

Commission Basis Results of Operations

Line No.	DESCRIPTION	2007 Restated Total	2008 Restated Total	2009 Restated Total	2010 Restated Total	2011 Restated Total	2012 Restated Total	2013 Restated Total	2014 Restated Total	12.2015 Restated Total
<b>RATE BASE</b>										
<b>PLANT IN SERVICE</b>										
32	Underground Storage	\$ 13,758	\$ 15,260	\$ 21,798	\$ 20,047	\$ 22,008	\$ 24,365	\$ 24,711	\$ 25,235	\$ 25,720
33	Distribution Plant	229,417	240,778	255,976	269,469	281,279	296,152	313,469	337,894	360,612
34	General Plant	21,708	24,256	27,747	33,401	38,971	44,809	52,223	59,169	75,514
35	Total Plant in Service	264,883	280,294	305,521	322,917	342,258	365,326	390,403	422,298	461,846
<b>ACCUMULATED DEPRECIATION/AMORT</b>										
36	Underground Storage	7,427	7,581	7,807	7,912	8,286	8,677	9,088	9,521	9,906
37	Distribution Plant	77,997	81,405	84,021	89,620	97,489	102,678	108,662	114,795	121,623
38	General Plant	7,136	8,309	8,882	10,722	10,926	12,186	14,724	17,429	20,741
39	Total Accumulated Depreciation/Amortization	92,560	97,295	100,710	108,254	116,701	123,541	132,474	141,745	152,270
40	NET PLANT	172,323	182,999	204,811	214,663	225,557	241,785	257,929	280,553	309,576
41	DEFERRED TAXES	(26,823)	(28,945)	(31,005)	(36,762)	(42,004)	(46,498)	(50,170)	(54,652)	(64,929)
42	Net Plant After DFT	145,500	154,054	173,806	177,901	183,553	195,287	207,759	225,901	244,647
43	GAS INVENTORY	5,607	15,327	8,440	10,226	13,753	13,107	11,702	14,762	12,740
44	GAIN ON SALE OF BUILDING	(197)	(152)	(109)	(44)	(14)	-	-	-	-
45	OTHER	789	452	(1,359)	(1,163)	(1,012)	(816)	(332)	(479)	(485)
46	WORKING CAPITAL	-	-	-	-	-	-	5,695	10,073	16,069
47	<b>TOTAL RATE BASE</b>	<b>\$ 151,699</b>	<b>\$ 169,681</b>	<b>\$ 180,778</b>	<b>\$ 186,920</b>	<b>\$ 196,280</b>	<b>\$ 207,578</b>	<b>\$ 224,824</b>	<b>\$ 250,257</b>	<b>\$ 272,971</b>

Note: The Other (Deferred Debits and Credits) Category has been restated in prior years to reflect consistency with the current reporting format.

**NATURAL GAS COST AND REVENUE TREND CALCULATIONS 2007-2015**

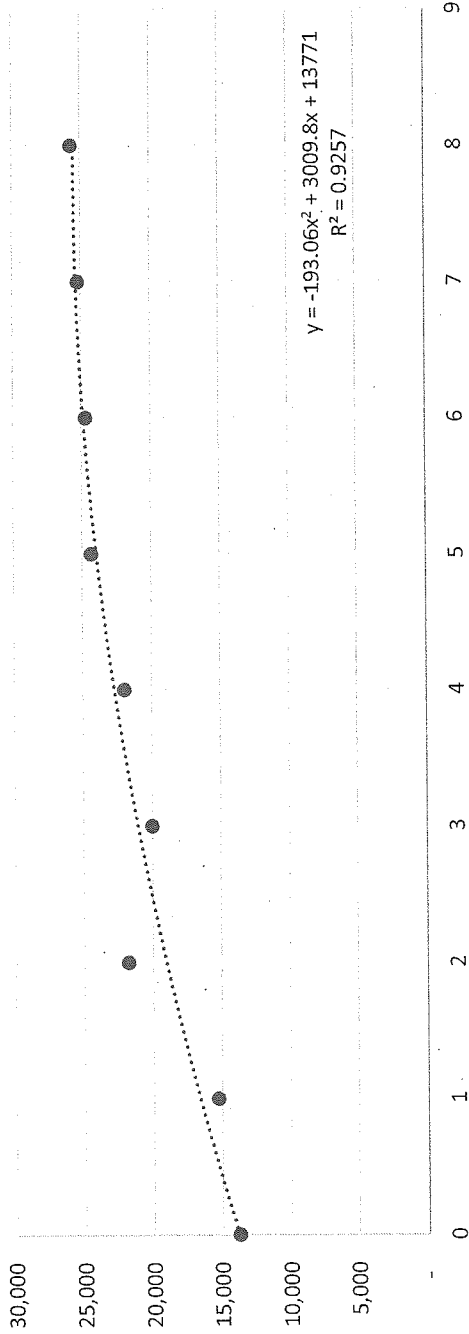
**AVISTA UTILITIES  
WASHINGTON NATURAL GAS RESULTS  
(000'S OF DOLLARS)**

		Natural Gas Data for Escalators									
Line No.		2007	2008	2009	2010	2011	2012	2013	2014	2015	12.2015
	Exclude Gas Cost and Adder Schedule Expenses (DSM Tariff Rider, Decoupling Surcharge/Rebate) from O&M										
1	Underground Storage	451	436	403	380	585	712	820	893	857	
2	Distribution	6,467	6,123	7,700	7,696	8,854	9,511	10,820	10,704	12,315	
3	Customer Accounting	4,487	4,692	5,234	5,234	5,740	5,796	6,270	6,108	6,632	
4	Customer Service and Information	4,658	5,169	7,609	9,777	9,777	6,955	983	865	837	
5	Sales	516	442	497	105	3	3	3	0	0	
6	Administrative and General	8,901	9,706	9,770	11,383	11,585	13,419	11,862	12,777	14,007	
7	Operating expenses excluding production	25,480	26,568	31,565	34,303	36,544	36,396	30,758	31,347	34,648	
8	Add Non PGA production O&M expenses	792	783	802	800	981	928	891	779	840	
9	Deduct Gas Cost Rev Related Expenses	-1,430	-1,351	-1,110	-725	-770	-686	-704	-772	-730	
10	Deduct DSM Tariff Rider Expenses	-3,870	-4,421	-6,839	-8,494	-9,035	-5,996	0	0	0	
11	Deduct Decoupling Surcharge/Rebate Expenses	-1	-4	-4	-6	-4	-1	0	0	0	
12	<b>Adjusted Operating Expenses</b>	<b>20,971</b>	<b>21,575</b>	<b>24,412</b>	<b>25,880</b>	<b>27,716</b>	<b>30,641</b>	<b>30,945</b>	<b>31,354</b>	<b>34,758</b>	
	Annual Percentage Change	3.27%	2.88%	13.15%	6.01%	7.09%	10.55%	0.99%	1.32%	10.86%	
	Depreciation/Amortization										
13	Underground Storage	310	276	393	348	395	438	380	402	439	
14	Distribution	5,605	5,673	6,064	6,367	6,649	6,978	7,925	8,513	9,088	
15	Administrative & General	1,498	1,803	1,999	2,412	2,754	3,276	3,868	4,389	5,649	
16	<b>Total Depreciation/Amortization</b>	<b>7,413</b>	<b>7,752</b>	<b>8,456</b>	<b>9,127</b>	<b>9,778</b>	<b>10,692</b>	<b>12,173</b>	<b>13,304</b>	<b>15,176</b>	
	Annual Percentage Change	6.46%	4.57%	9.08%	7.94%	7.13%	9.35%	13.85%	9.29%	14.07%	
	Exclude Adder Schedule amortizations (Decoupling Surcharge/Rebate) from Regulatory Amortizations										
17	Regulatory Amortizations	-815	-242	440	216	-186	171	91	-91	-2,087	
18	Deduct Decoupling Surcharge/Rebate Expenses	-85	-432	-710	-494	-494	-184	0	0	0	
19	<b>Adjusted Regulatory Amortizations</b>	<b>-900</b>	<b>-674</b>	<b>-270</b>	<b>-278</b>	<b>-680</b>	<b>-13</b>	<b>91</b>	<b>-91</b>	<b>-2,087</b>	
	Exclude Gas Cost and Adder Schedule excise taxes (DSM Tariff Rider, Decoupling Surcharge/Rebate) from Taxes Other Than Income Tax										
20	Underground Storage	95	113	121	116	19	17	158	184	196	
21	Distribution	9,844	8,941	8,746	7,223	8,051	7,825	8,116	8,719	8,554	
22	Administrative & General	20	17	19	24	0	-1	0	0	0	
23	Total Taxes Other Than Income	9,959	9,071	8,886	7,363	8,070	7,841	8,274	8,903	8,750	
24	Deduct Gas Cost Excise Tax	-6,261	-5,917	-4,858	-3,171	-3,374	-3,003	-3,083	-3,380	-3,197	
25	Deduct DSM Tariff Rider Excise Tax	-154	-176	-272	-338	-359	-239	0	0	0	
26	Deduct Decoupling Surcharge/Rebate Excise Tax	-3	-17	-28	-20	-20	-7	0	0	0	
27	<b>Adjusted Taxes Other Than Income</b>	<b>3,541</b>	<b>2,961</b>	<b>3,728</b>	<b>3,834</b>	<b>4,317</b>	<b>4,592</b>	<b>5,191</b>	<b>5,523</b>	<b>5,553</b>	
	Annual Percentage Change	-1.34%	-16.38%	25.90%	2.84%	12.59%	6.38%	13.04%	6.40%	0.54%	
28	<b>Net Plant After Deferred Income Tax</b> CBR Line 42	<b>145,500</b>	<b>154,054</b>	<b>173,806</b>	<b>177,901</b>	<b>183,553</b>	<b>195,287</b>	<b>207,759</b>	<b>225,901</b>	<b>244,647</b>	
	Annual Percentage Change	3.35%	5.88%	12.82%	2.36%	3.18%	6.39%	6.39%	8.73%	8.30%	
29	<b>Total Rate Base</b>	<b>151,699</b>	<b>169,681</b>	<b>180,778</b>	<b>186,920</b>	<b>196,280</b>	<b>207,578</b>	<b>224,824</b>	<b>250,257</b>	<b>272,971</b>	
	Annual Percentage Change	1.56%	11.85%	6.54%	3.40%	5.01%	5.76%	8.31%	11.31%	9.08%	
	Exclude Gas Cost Deferral related and JP Storage non-recurring revenues from Operating Revenue										
30	Other Operating Revenue	68,416	153,093	84,085	115,257	98,841	68,107	403	332	7,129	
31	Deduct Gas Cost Deferral related revenues	-66,686	-153,018	-85,992	-115,193	-98,794	-67,822	0	0	0	
32	Deduct JP Storage allocated revenue (ended 2007)	-1,717	0	0	0	0	0	0	0	0	
33	Eliminate Decoupling Deferred Revenue and Provision for Rate Refund	13	75	93	64	47	285	403	332	-6,914	
34	<b>Adjusted Other Operating Revenue</b>	<b>13</b>	<b>75</b>	<b>93</b>	<b>64</b>	<b>47</b>	<b>285</b>	<b>403</b>	<b>332</b>	<b>-6,914</b>	
	Annual Percentage Change	18.18%	476.92%	24.00%	-31.18%	-26.56%	506.38%	41.40%	-17.62%	-35.24%	

**Staff Proposed Based on Commission Order No. 05, Docket No. UG-150205**

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Underground Storage Plant	13,758	15,260	21,798	20,047	22,008	24,365	24,711	25,235	25,720
	0	1	2	3	4	5	6	7	8
Underground Storage Plant	13,758	15,260	21,798	20,047	22,008	24,365	24,711	25,235	25,720

Underground Storage Plant

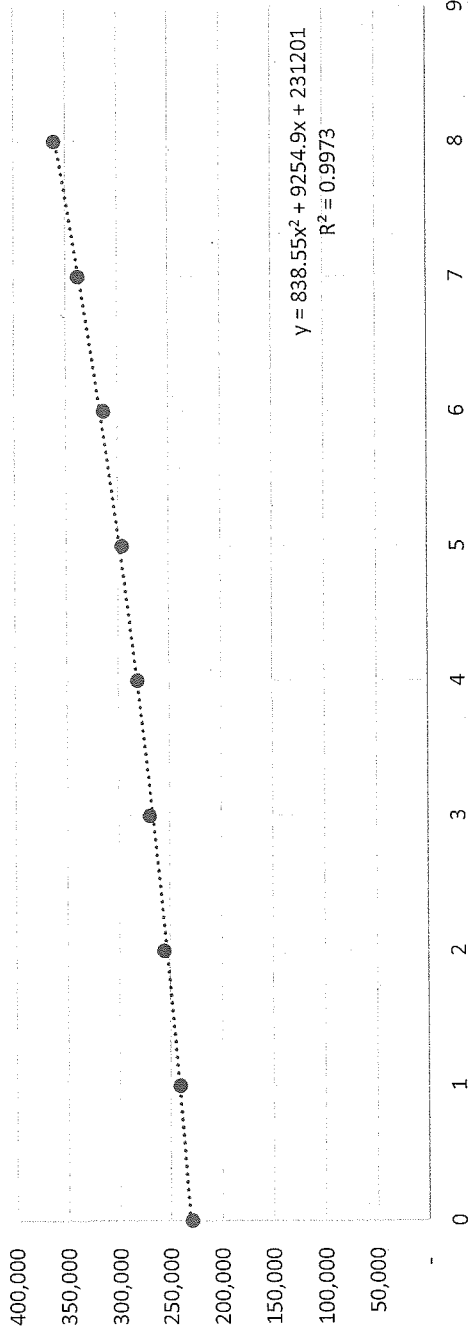


	X	C
Derivative of Quadratic (below)	-386.119	3,010
x = 8 (2015 is year 8)	-3088.95	(79)
Sum (x and C)		-0.31%
rate (1-year)		<b>-0.62%</b>
rate (2-year)		Escalation factor (to 2017)

**Staff Proposed Based on Commission Order No. 05, Docket No. UG-150205**

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Distribution Plant	229,417	240,778	255,976	269,469	281,279	296,152	313,469	337,894	360,612
	0	1	2	3	4	5	6	7	8
Distribution Plant	229,417	240,778	255,976	269,469	281,279	296,152	313,469	337,894	360,612

Distribution Plant



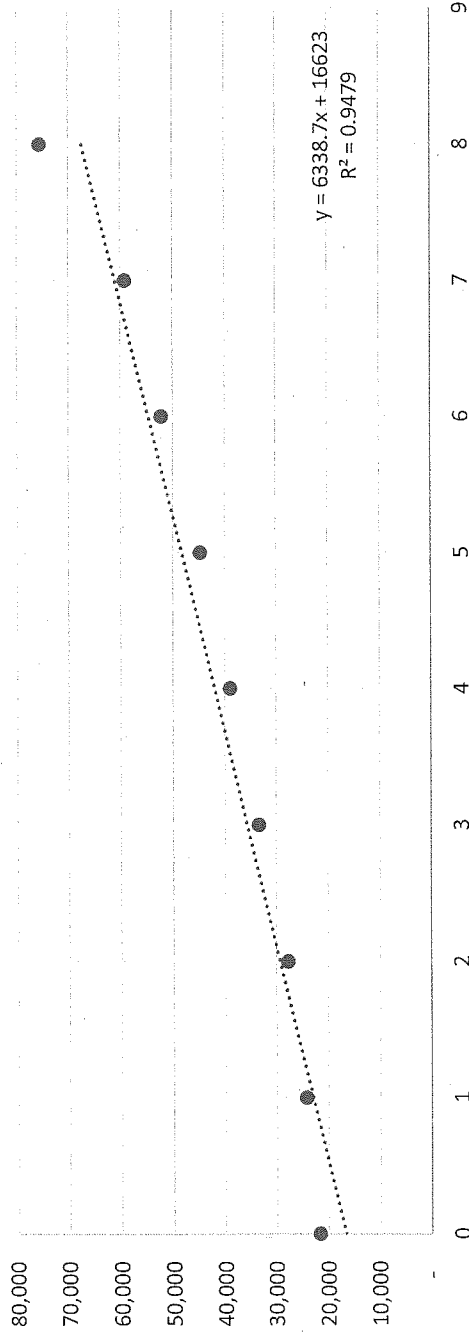
	x	C
Derivative of Quadratic (below)	1677.097	9,255
x = 8 (2015 is year 8)	13416.78	
Sum (x and C)	22,672	
rate (1-year)	6.29%	
rate (2-year)	<b>12.57%</b>	Escalation factor (to 2017)



**Staff Proposed Based on Commission Order No. 05, Docket No. UG-150205**

	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Plant	21,708	24,256	27,747	33,401	38,971	44,809	52,223	59,169	75,514
	0	1	2	3	4	5	6	7	8
General Plant	21,708	24,256	27,747	33,401	38,971	44,809	52,223	59,169	75,514

General Plant

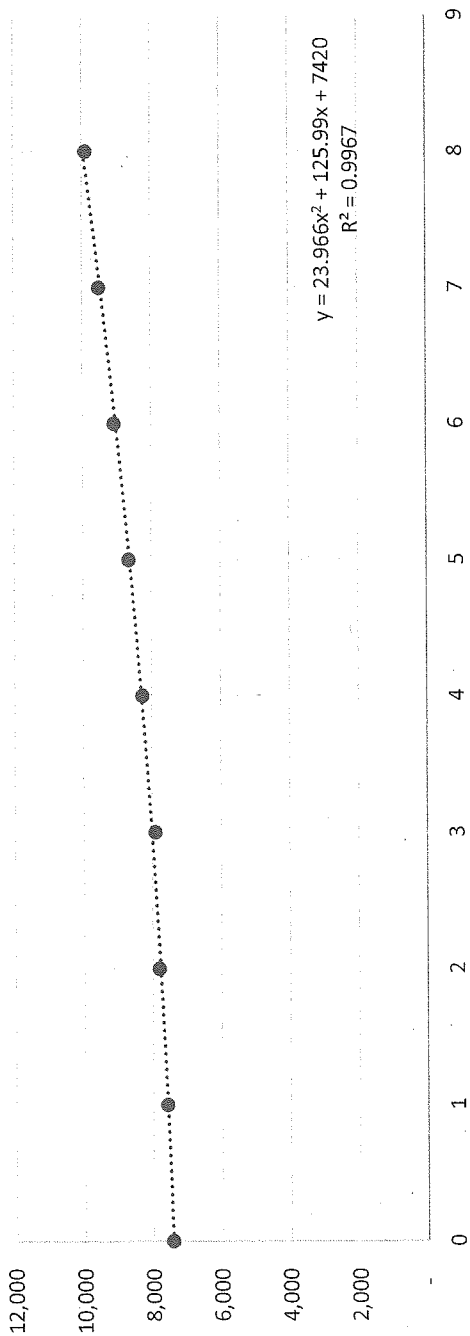


Annual Increase (slope) 6,339  
 Rate (Annual) 8.39%  
 Rate (2-year, to 2017) **16.79%** (Escalation Factor)

**Staff Proposed Based on Commission Order No. 05, Docket No. UG-150205**

	2007	2008	2009	2010	2011	2012	2013	2014	2015
UG Storage Accum. Depr / Amort	7,427	7,581	7,807	7,912	8,286	8,677	9,088	9,521	9,906
	0	1	2	3	4	5	6	7	8
UG Storage Accum. Depr / Amort	7,427	7,581	7,807	7,912	8,286	8,677	9,088	9,521	9,906

**Underground Storage Accum. Depreciation & Amortization**

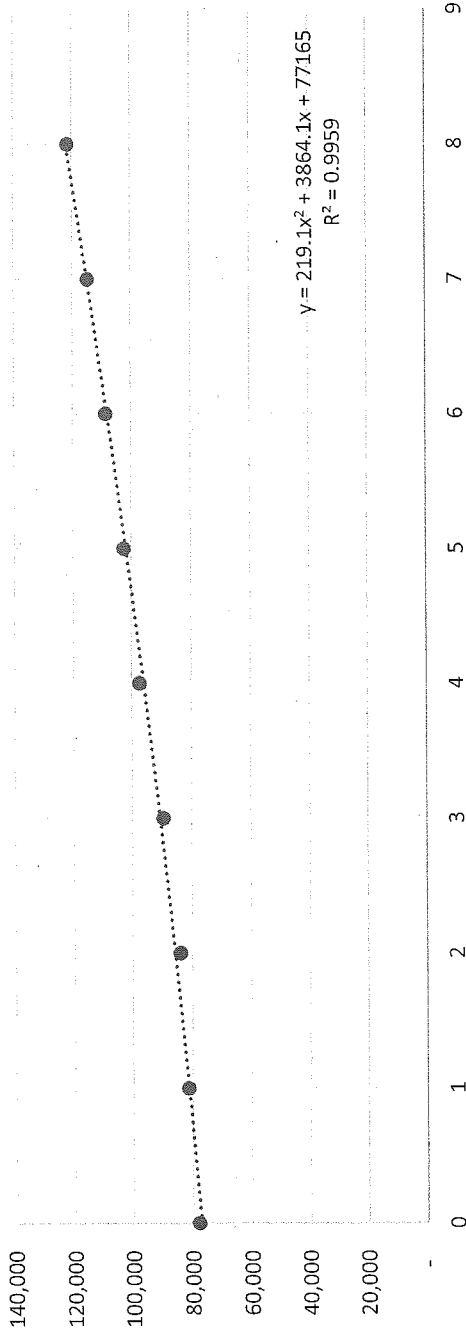


	X	C
Derivative of Quadratic (below)	47.9329	126
x = 8 (2015 is year 8)	383.4632	
Sum (x and C)		509
rate (1-year)		5.14%
rate (2-year)		<b>10.29%</b> Escalation factor (to 2017)

**Staff Proposed Based on Commission Order No. 05, Docket No. UG-150205**

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Distribution Accum. Depr / Amort	77,997	81,405	84,021	89,620	97,489	102,678	108,662	114,795	121,623
	0	1	2	3	4	5	6	7	8
Distribution Accum. Depr / Amort	77,997	81,405	84,021	89,620	97,489	102,678	108,662	114,795	121,623

Distribution Accum. Depreciation & Amortization

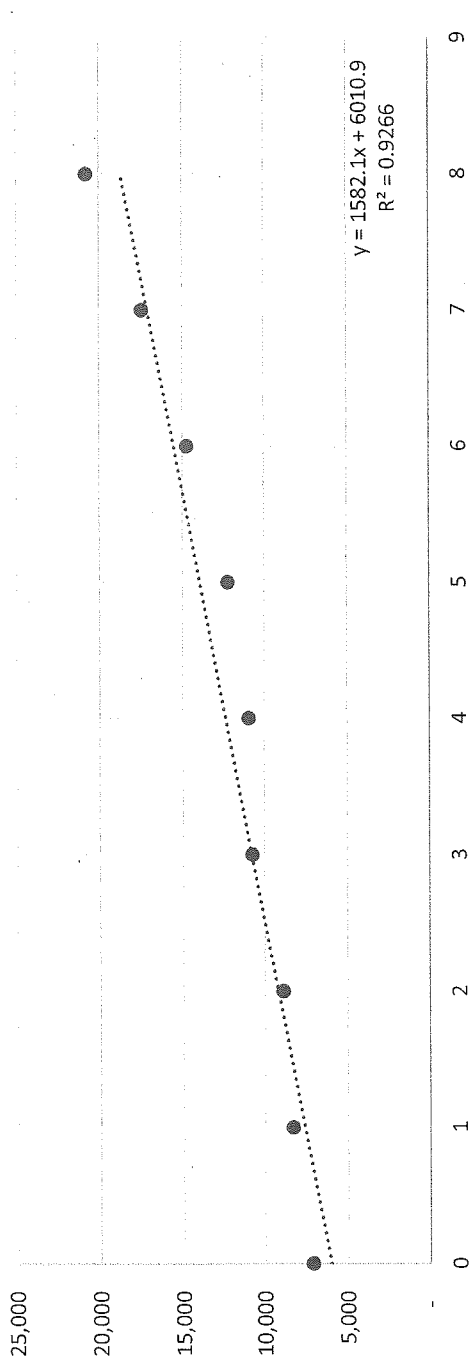


	X	C
Derivative of Quadratic (below)	438.2035	3,864
x = 8 (2015 is year 8)	3505.628	
Sum (x and C)		7,370
rate (1-year)		6.06%
rate (2-year)		<b>12.12%</b> Escalation factor (to 2017)

Staff Proposed Based on Commission Order No. 05, Docket No. UG-150205

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Distribution Accum. Depr / Amort	7,136	8,309	8,882	10,722	10,926	12,186	14,724	17,429	20,741
	0	1	2	3	4	5	6	7	8
Distribution Accum. Depr / Amort	7,136	8,309	8,882	10,722	10,926	12,186	14,724	17,429	20,741

Distribution Accum. Depreciation & Amortization

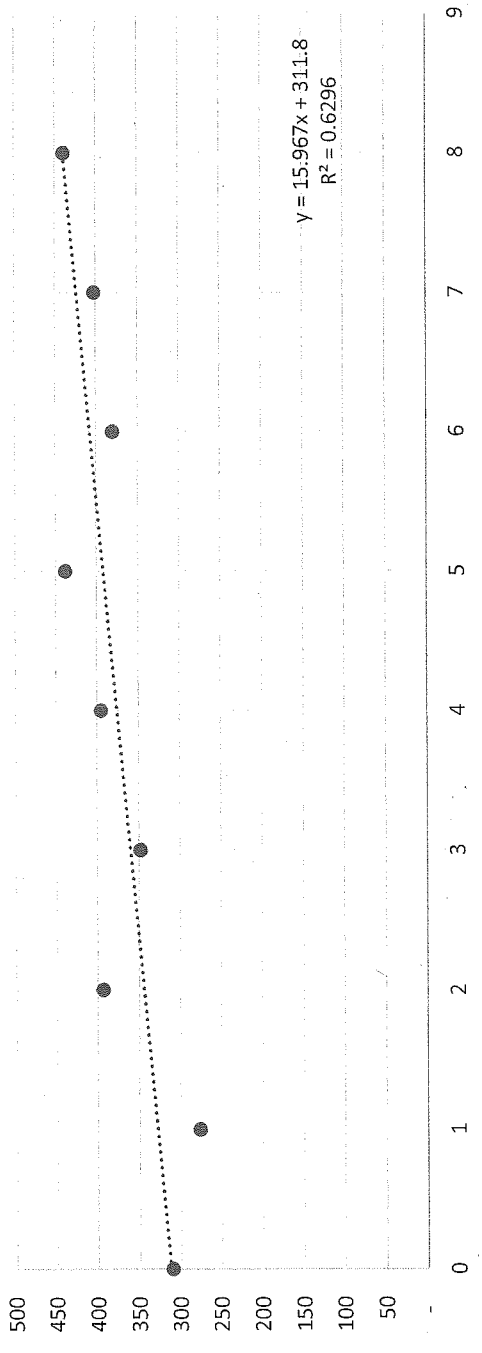


Annual Increase (slope) 1,582  
 Rate (Annual) 7.63%  
 Rate (2-year, to 2017) 15.26% (Escalation Factor)

**Staff Proposed Based on Commission Order No. 05, Docket No. UG-150205**

	2007	2008	2009	2010	2011	2012	2013	2014	2015
UG Storage Depr / Amort Exp.	310	276	393	348	395	438	380	402	439
	0	1	2	3	4	5	6	7	8
UG Storage Depr / Amort Exp.	310	276	393	348	395	438	380	402	439

**Underground Storage Depreciation & Amortization Expense**



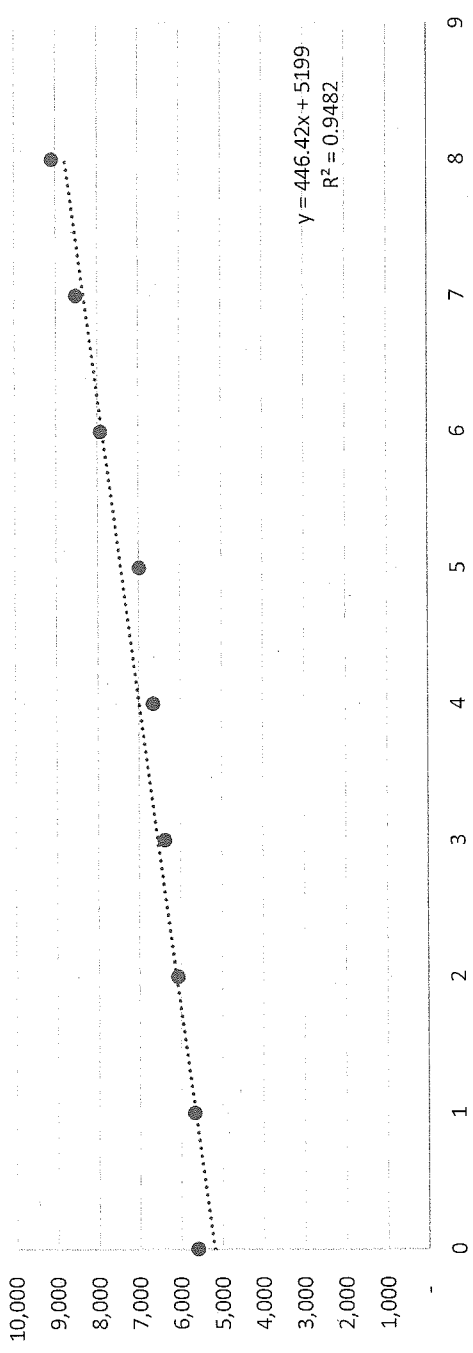
Annual Increase (slope)  
 Rate (Annual)  
 Rate (2-year, to 2017)

16  
 3.64%  
7.27% (Escalation Factor)

**Staff Proposed Based on Commission Order No. 05, Docket No. UG-150205**

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Distribution Depr / Amort Exp.	5,605	5,673	6,064	6,367	6,649	6,978	7,925	8,513	9,088
	0	1	2	3	4	5	6	7	8
Distribution Depr / Amort Exp.	5,605	5,673	6,064	6,367	6,649	6,978	7,925	8,513	9,088

Distribution Depreciation & Amortization Expense

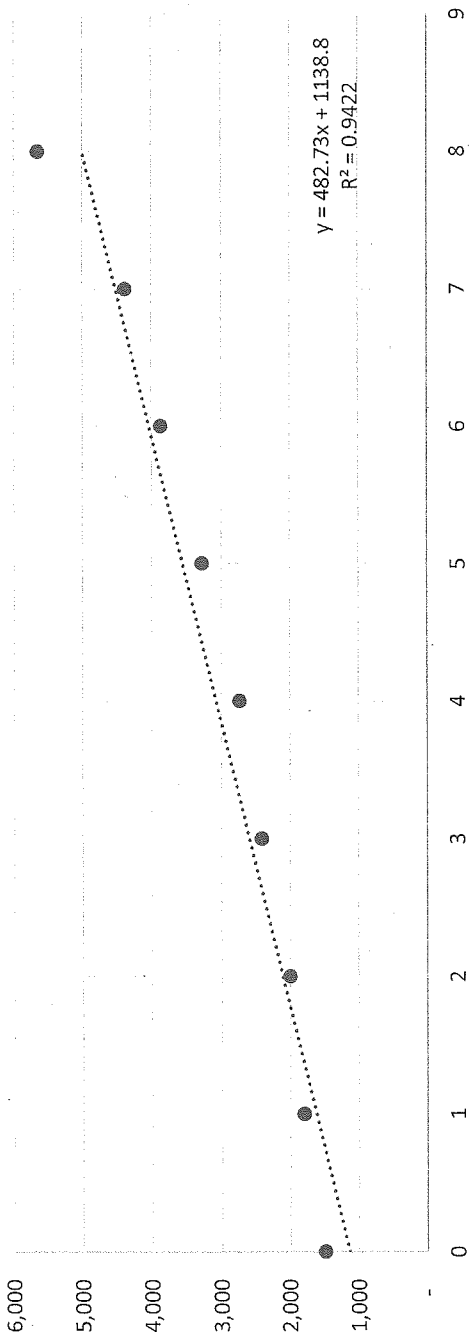


Annual Increase (slope) 446  
 Rate (Annual) 4.91%  
 Rate (2-year, to 2017) 9.82% (Escalation Factor)

**Staff Proposed Based on Commission Order No. 05, Docket No. UG-150205**

	2007	2008	2009	2010	2011	2012	2013	2014	2015
A&G Depr / Amort Exp.	1,498	1,803	1,999	2,412	2,734	3,276	3,868	4,389	5,649
	0	1	2	3	4	5	6	7	8
A&G Depr / Amort Exp.	1,498	1,803	1,999	2,412	2,734	3,276	3,868	4,389	5,649

**Admin. & General Depreciation & Amortization Expense**

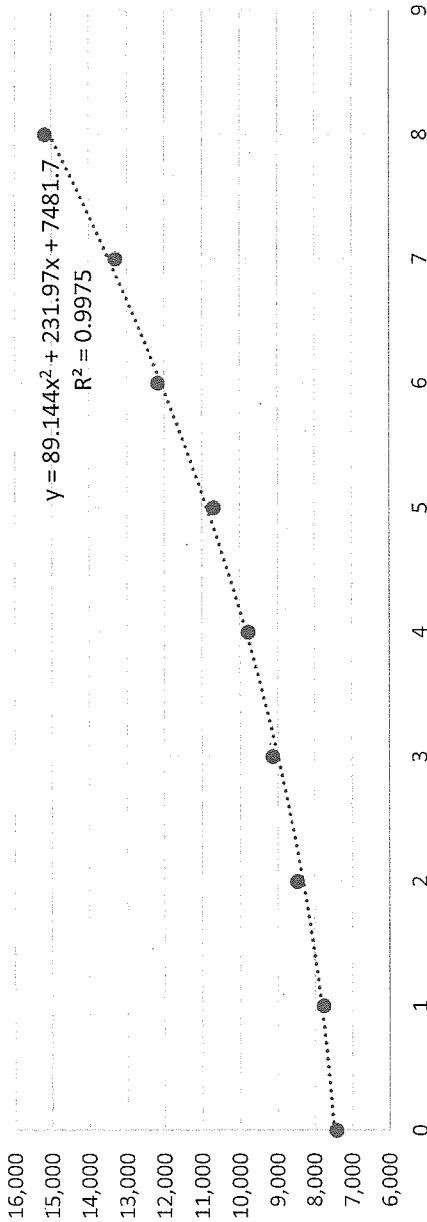


Annual Increase (slope) 483  
 Rate (Annual) 8.55%  
 Rate (2-year, to 2017) 17.09% (Escalation Factor)

**Staff Proposed Based on Commission Order No. 05, Docket No. UG-150205**

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Depreciation/Amortization	7,413	7,752	8,456	9,127	9,778	10,692	12,173	13,304	15,176
	0	1	2	3	4	5	6	7	8
Depreciation/Amortization	7,413	7,752	8,456	9,127	9,778	10,692	12,173	13,304	15,176

**Depreciation/Amortization (Natural Gas)**



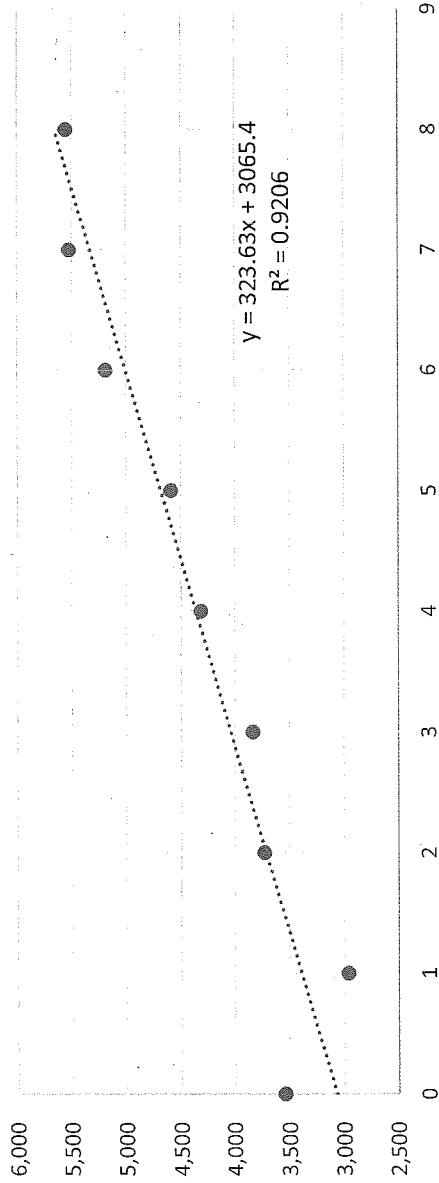
	x	C
Derivative of Quadratic (below)	178.3	232.0
x = 8 (2015 is year 8)	1426.3	
Sum (x and C)	1658.3	
rate (1-year)	10.93%	
rate (2-year)	<b>21.85%</b>	Escalation factor (to 2017)



**Staff Proposed Based on Commission Order No. 05, Docket No. UG-150205**

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Taxes (other than income)	3,541	2,961	3,728	3,834	4,317	4,592	5,191	5,523	5,553
	0	1	2	3	4	5	6	7	8
Taxes (other than income)	3,541	2,961	3,728	3,834	4,317	4,592	5,191	5,523	5,553

Taxes (other than income)

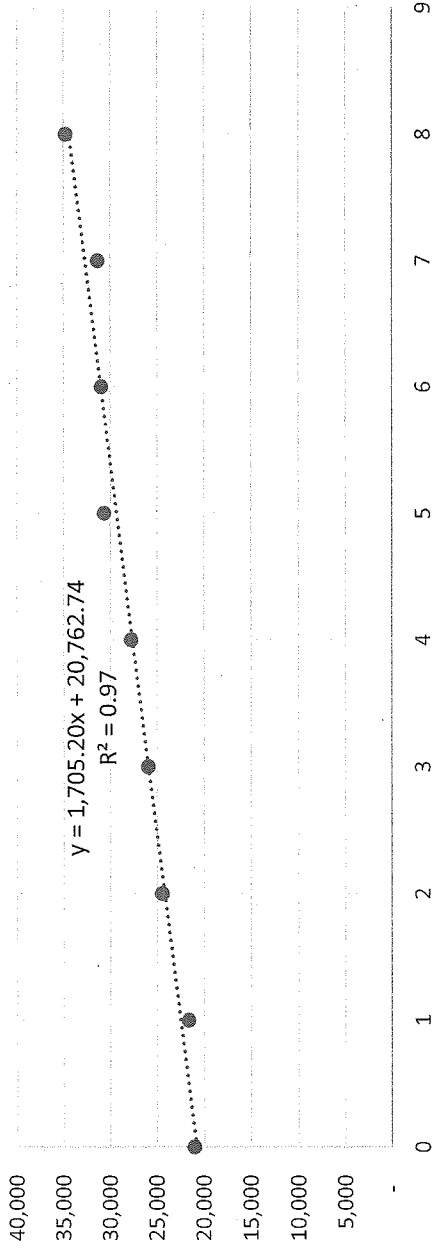


Annual Increase (slope) 324  
 Rate (Annual) 5.83%  
 Rate (2-year, to 2017) **11.66%** (Escalation Factor)

**Staff Proposed Based on Commission Order No. 05, Docket No. UG-150205**

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Adjusted Operating Expenses	20,971	21,575	24,412	25,880	27,716	30,641	30,945	31,354	34,758
	0	1	2	3	4	5	6	7	8
Adjusted Operating Expenses	20,971	21,575	24,412	25,880	27,716	30,641	30,945	31,354	34,758

**Adjusted Operating Expenses 2007-2015**



Annual Increase (slope) 1,705  
 Rate (Annual) 4.91%  
 Rate (2-year, to 2017) 9.81%  
 Adjusted per CSH-1T pg 52: 6.92% (Escalation Factor)

AVISTA UTILITIES  
WASHINGTON NATURAL GAS

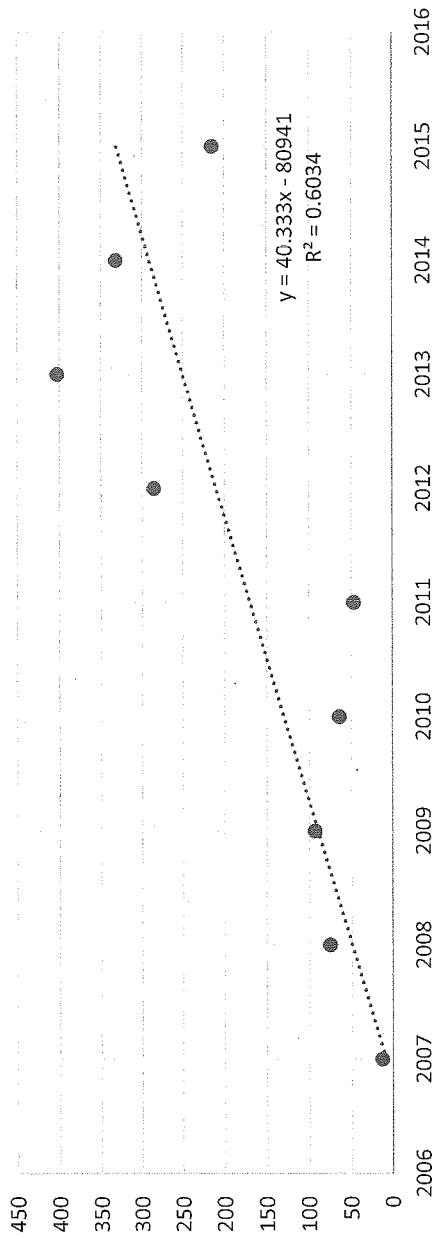
BILLING DETERMINANT INDEX  
09.2015 TO 2017 WEIGHTED REVENUE GROWTH

Line No.	Description A	Schedule B	Billing Determinant C	Revenue Model Sept 2015 D	Forecast 2017 E	Billing Determinant Growth F=(E-D)/D	Revenue Sept 2015 G	Weight H=G/SUM G	Weighted Growth I=FXH
1	General Svc	101	Basic/Min	1,807,677	1,852,506	2.48%	\$16,269,093	19.35%	0.48%
2	Lrg Gen Svc	111/112	Basic/Min	31,406	32,350	3.00%	\$3,185,825	3.79%	0.11%
3	Ex Lrg Gen Svc	121/122	Basic/Min	324	334	3.23%	\$81,739	0.10%	0.00%
4	Interruptible Svc	131/132	Basic/Min	24	24	0.00%	\$0	0.00%	0.00%
5	General Svc	101	Volumes	119,361,176	120,603,006	1.04%	\$51,084,521	60.77%	0.63%
6	Lrg Gen Svc	111/112	Volumes	47,375,864	48,898,711	3.21%	\$12,037,805	14.32%	0.46%
7	Ex Lrg Gen Svc	121/122	Volumes	5,175,510	5,913,945	14.27%	\$1,202,621	1.43%	0.20%
8	Interruptible Svc	131/132	Volumes	931,617	955,019	2.51%	\$196,654	0.23%	0.01%
9	Total			172,844,167	176,370,681		\$84,057,258	100.00%	1.90%
10	Transportation Svc	146	Basic/Min	456	479	5.06%	\$270,633	6.13%	0.31%
11	Special Contract	148	Basic/Min	60	63	5.40%	\$325,584	7.37%	0.40%
12	Transportation Svc	146	Volumes	29,762,848	29,395,864	-1.23%	\$2,558,062	57.92%	-0.71%
13	Special Contract	148	Volumes	48,141,846	47,979,303	-0.34%	\$1,262,060	28.58%	-0.10%
14	Total			77,904,694	77,375,167		\$4,416,339	100.00%	-0.10%
15	General Svc	101	Total Revenue				\$67,353,614		\$934,942
16	Lrg Gen Svc	111/112	Total Revenue				\$15,223,630		\$482,655
17	Ex Lrg Gen Svc	121/122	Total Revenue				\$1,284,359		\$174,228
18	Interruptible Svc	131/132	Total Revenue				\$195,654		\$4,915
19	Transportation Svc	146	Total Revenue				\$2,828,695		-\$17,860
20	Special Contract	148	Total Revenue				\$1,587,644		\$13,306
21	Total						\$88,473,597		\$1,592,185

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Adj. Other Revenue	13	75	93	64	47	285	403	332	215

Annual increase rate (1-yr) 40.33333  
 Annual increase rate (2-yr) 18.76%  
 Escalation factor **37.52%**

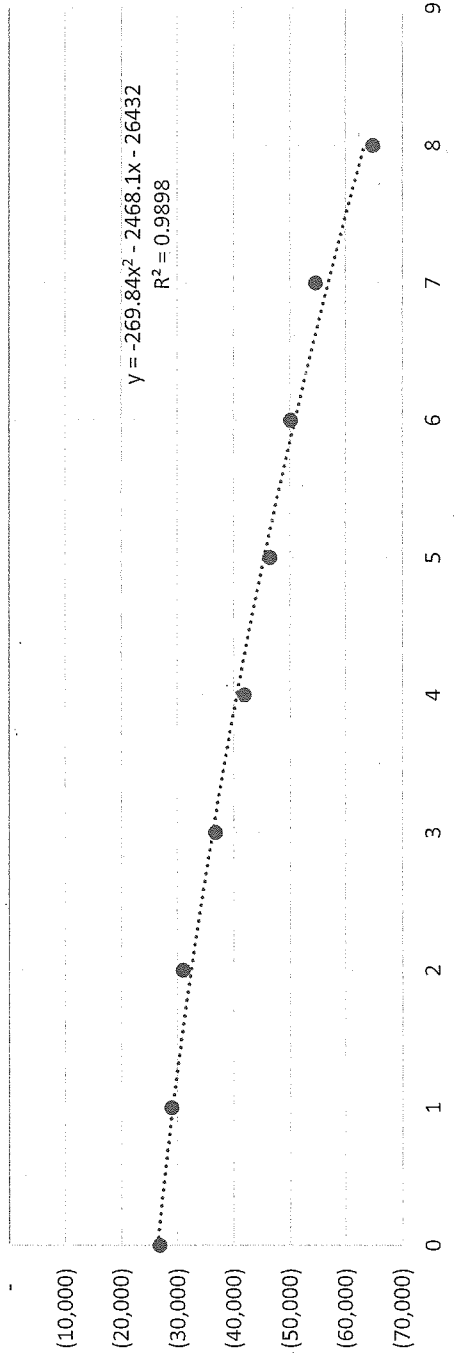
Adj. Other Revenue



**Avista Proposed Based on Commission Order No. 05, Docket No. UG-150205**

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Deferred Taxes	(26,823)	(28,945)	(31,005)	(36,762)	(42,004)	(46,498)	(50,170)	(54,652)	(64,929)
Deferred Taxes	(26,823)	(28,945)	(31,005)	(36,762)	(42,004)	(46,498)	(50,170)	(54,652)	(64,929)

**Deferred Taxes (Natural Gas)**



	X	C
Derivative of Quadratic (below)	-539.6861	-2468.105
x = 8 (2015 is year 8)	-4317.489	
Sum (x and C)		-6785.595
rate (1-year)		10.45%
rate (2-year)		<b>20.90%</b>

Escalation factor (to 2017)