Exhibit No. JH-3 Dockets UE-160228/UG-160229 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-160228 and UG-160229 (Consolidated)

EXHIBIT TO TESTIMONY OF

JOANNA HUANG

STAFF OF WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Natural Gas Pro Forma Analysis

August 17, 2016

Explanation of the mechanics of the revenue requirement determination with an attrition adjustment

Exhibit Nos. JH-2 and JH-3 include Adjustment 4.08, Staff Proposed Attrition Allowance. This adjustment is directly from Staff witness Mr. Christopher Hancock's Exhibit Nos. CSH-2 and CSH-3 and is intentionally hard-coded in Ms. Joanna Huang's exhibit. This is to avoid potential unintended consequences if either the attrition allowance is altered or if the pro forma results are altered. Any alterations or revisions to the result of either exhibit are expected and should manifest themselves in the final revenue requirement.

Examples to accomplish desired results:

- 1. Assume Staff's Attrition Adjustment 4.08 is accepted as is. If a pro forma or restating expense adjustment is revised by \$2 million, the resulting revenue requirement will also increase or decrease by \$2.1 million (given the nature of revenue related taxes).
- 2. Exhibit No. CSH-2 or Exhibit No. CSH-3 is a hard-coded transfer of Staff's pro forma results of operations. If the attrition study is revised, the adjustment in column [E] will change accordingly. The revised column [E] must be manually transferred to the Adjustment 4.08 (Attrition Adjustment) in Ms. Huang's appropriate revenue requirement spread sheet. This will accomplish the desired effect on total revenue requirements. For instance, if a trending percentage is revised to reduce the electric attrition allowance by \$1 million, then Exhibit No. CSH-2 will show this reduction. The results in column [E] of Exhibit No. CSH-2 must be transcribed into Adjustment 4.08 to derive the proper total revenue requirement result.
- 3. If there are revisions to both the pro forma results and to the attrition study, then both operations above must be done. The combined result in Exhibit No. JH-2 or Exhibit No. JH-3 will show the addition of both revisions.

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

			PH DDECESSE DAM	Annualized 2017 &		& 2018 PROPOSED RATES
	1		TH PRESENT RATE	Annualized 2017 & 2018		Annualized 2017 & 2018
T :		Actual Per Results	Total	Annualized 2017 & 2018 Adjusted	Proposed Revenues &	Proposed
Line No.	DESCRIPTION	Report	Adjustments	Total (1)	Related Exp	Total
140.	a a	b Keport	c	d d	e e	f
						•
1	REVENUES Total General Business	\$152,492	\$ (66,557)	\$85,935	\$700	\$86,635
2	Total Transportation	4,114	303	\$4,417	Ψ/00	4,417
3	Other Revenues	105,088	(104,823)	\$265		265
	Total Gas Revenues	261,694	(171,076)		700	91,318
	EXPENSES	,	(,,	,		
	Production Expenses					
5	City Gate Purchases	164,944	(164,944)	ŭ.		-
6	Purchased Gas Expense	810	96	906		906
7	Net Nat Gas Storage Trans	8,665	(8,665)	-		-
8	Total Production	174,419	(173,513)	906	-	906
		,.	, , ,			
9	Underground Storage	833	91	924		924
10	Operating Expenses Depreciation	429	42	471		471
11	Taxes	292	(73)	219		219
12	Total Underground Storage	1,554	59	1,613	_	1,613
12	c c	1,00 /	• •	-,		
13	Distribution Operating Expenses	11,531	1,743	13,274		13,274
13	Depreciation	8,931	1,050	9,981		9,981
15	Taxes	14,014	(7,187)	6,827	27	6,854
16	Total Distribution	34,476	(4,394)		27	30,109
				•		
	Customer Accounting	6,595	91	6,686	4	6,690
	Customer Service & Information	5,790	(4,888)	902		902
19	Sales Expenses	-	-	-		-
	Administrative & General					
20	Operating Expenses	13,388	1,379	14,767	1	14,768
21	Depreciation/Amortization	5,206	1,408	6,614		6,614
22	Regulatory Amortizations	-	809	809		809
23	Taxes	10.504	2.526	20.100		22,191
24	Total Admin. & General	18,594	3,596	22,190	32	62,412
25	Total Gas Expense	241,428	(179,048)	62,380	32	02,412
26	OPERATING INCOME BEFORE FIT	20,266	7,972	28,238	668	28,906
	FEDERAL INCOME TAX					
27	Current Accrual	(6,651)	7,001	350	234	584
28	Debt Interest	(0,031)	(364)			(364
29	Deferred FIT	12,388	(4,550)			7,838
30	Amort ITC	(20)		(20)		(20)
21		14,549	5,885	20,434	434	20,868
31	NET OPERATING INCOME	14,549	3,863	20,434	454	20,000
	RATE BASE: PLANT IN SERVICE					
32	Underground Storage	25,622	(80)	25,542		25,542
33	Distribution Plant	354,360	57,263	411,623		411,623
34	General Plant	69,725	20,051	89,776		89,776
35	Total Plant in Service	449,707	77,234	526,941	-	. 526,941
	ACCUMULATED DEPREC/AMORT					
36	Underground Storage	(9,824)	(1,228)	(11,052)		(11,052
37	Distribution Plant	(119,790)	(18,415)	(138,205)		(138,205
38	General Plant	(19,460)	(4,841)	(24,301)		(24,301
39	Total Accum. Depreciation/Amort.	(149,074)	(24,484)	(173,558)	-	(173,558
40	NET PLANT	300,633	52,750		-	353,383
41	DEFERRED FIT	(65,675)	(14,522)			(80,197
42	Net Plant After DFIT	234,958	38,229	273,187	7	273,187
43	GAS INVENTORY	15,143	(15,143)	-		-
44	GAIN ON SALE OF BUILDING		<u>.</u> 	-		•
	OTHER	(509)	509	-		-
45				10.700		10 /00
45 46 47	WORKING CAPITAL TOTAL RATE BASE	9,797	2,886 25,972		0	12,683 285,870

⁽¹⁾ The annualized 2017 & 2018 Adjusted Total column, Column "d", developed by Staff's attrition study is used for the final adjusted results and revenue requirement on an attrition adjusted basis (see Mr. Hancock's Exhibit No. CSH-3')

AVISTA UTILITIES CALCULATION OF GENERAL REVENUE REQUIREMENT WASHINGTON NATURAL GAS TWELVE MONTHS ENDED SEPTEMBER 30, 2015 STAFF PRO FORMA ANALYSIS

Line No.	Description		ted 2017 & 2018 s of Dollars)
1	Attrition Adjusted Pro Forma Rate Base	\$	285,870
2	Proposed Rate of Return		7.30%
3	Attrition Adjusted Net Operating Income Requirement		\$20,868
4	Pro Forma Net Operating Income	\$	20,434
5	Net Operating Income Deficiency		\$434
6	Conversion Factor		0.620003
7	Staff Attrition Adjusted Pro Forma Revenue Requirement Increase (Decrease)	· · · · · · · · · · · · · · · · · · ·	\$700
8	Total Base Distribution Revenues	\$	90,353
9	Percentage Revenue Increase/(Decrease), Pro Forma		0.8%
10	Total Attrition Adjusted Pro Forma Revenue Requirement		91,053

AVISTA UTILITIES PROPOSED COST OF CAPITAL WASHINGTON NATURAL GAS

Component	Capital Structure	Cost	Weighted Cost
S-T Debt	3.12%	2.663%	0.08%
L-T Debt	48.38%	5.696%	2.76%
Total Debt	51.50%	5.512%	2.84%
Common Equity	48.5%	9.20%	4.46%
Total	100.00%		7.30%

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AVISTA UTILITIES REVENUE CONVERSION FACTOR WASHINGTON NATURAL GAS TWELVE MONTHS ENDED SEPTEMBER 30, 2015

Line No.	Description	Factor
1	Revenues	1.000000
	Expense:	
2	Uncollectibles	0.005855
. 3	Commission Fees	0.002000
4	Washington Excise Tax	0.038294
5	Total Expense	0.046150
6	Net Operating Income Before FIT	0.953850
7	Federal Income Tax @ 35%	0.333848
8	REVENUE CONVERSION FACTOR	0.620003

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

No. No. No.													Contested	
Manufact Number 1,00		DESCRIPTION		Results		FIT	De	and				В & О	Restate Property	
REVENUES	No.						<u> </u>			1.03				2,03
Total Consent Buscients \$12,492 \$ \$ \$ \$ \$ \$ \$ \$ \$														
1		REVENUES												
100 100			\$		\$	-	\$	-	\$	-	\$		-	\$ -
Section Sect								-		-		(106)	-	-
EXPENSES 16,044					-			-		-		(5,626)		
Production Expenses												.,,,		
10 Clay Clay Purchasers 144,944														
Puchaned Gias Expense	5			164.944		_		_		_		-	_	-
Total Production	6	Purchased Gas Expense		810		-		-		' <u>-</u>		-	-	-
Diegerand Storage						-				-		-		
Operating Expenses	8	Total Production		174,419		-		-		-		-	-	-
Deprecision/Amortization 439 1								,						
Takes						-		-				-	-	-
Total Underground Storage						_		-		_		-	(26)	-
15								-		-		-		-
15														
Depociation/Monotization	13			11.531		_				_		_	-	-
Takes						_				_		_	_	_
Customer Accounting 6.595						-		-		-		(5,612)	(325)	
Name	16	Total Distribution		34,476		-				-		(5,612)	(325)	-
Name														
Sales Expenses								1		-		-	_	(313)
Administrative & General 20 Operating Expenses 13,388				3,750		-		_		-		-	-	-
13,88		•												
Depreciation/Amortization S,206	20			12 200										_
Regulatory Amoritzations						-				-		-	-	-
Total Admin. & General 18,594 -	22	Regulatory Amortizations		-										
Total Gas Expense 241,428 - 1 - (5,612) (351) (313)			_	18 594	_									
FEDERAL INCOME TAX													(251)	
FEDERAL INCOME TAX 27 Current Accrual (6,651) 28 Debt Interest (0) 29 Deferred FTT 12,388 20 Carrent Accrual (20) 30 Amont ITC (20) 31 NET OPERATING INCOME 5 14,549 8 0 S (1) S 28 S (9) S 228 S 203 RATE BASE PLANT IN SERVICE 32 Underground Storage \$ 25,622 20 Underground Storage \$ 25,622 10 Carrent Accrual 10 Accrumulated Depreciation/Amontization 10 Underground Storage 449,707 10 Carrent Accrumulated Depreciation/Amontization 10 In Jay 800 10 Carrent Accrumulated Depreciation/Amontization 10 Deferred Deferred Taxes 10 Carrent Accrumulated Depreciation/Amontization 10 Carrent Accrumulated Depreciation/Amontization 10 Carrent Accrumulated Depreciation/Amontization 10 Deferred Taxes 10 Carrent Accrumulated Depreciation/Amontization 11 Deferred Taxes 12 Carrent Accrumulated Depreciation/Amontization 13 Carrent Accrumulated Depreciation/Amontization 14 Deferred Taxes 15 Carrent Accrumulated Depreciation/Amontization 16 Carrent Accrumulated Depreciation/Amontization 17 Carrent Accrumulated Depreciation/Amontization 18 Carrent Accrumulated Depreciation/Amontization 19 Carrent Accrumulated Depreciation/Amontization 19 Carrent Accrumulated Depreciation/Amontization 10 Carrent Accrumulated Depreciation/Amontization 10 Carrent Accrumulated Depreciation/A	25	•	-		_	-								
Current Accrual Co.	26	OPERATING INCOME BEFORE FIT		20,266		•		(1)		-		(14)	351	313
Definition Plant		FEDERAL INCOME TAX												
Deferred FIT 12,388				(6,651)				(0)		(0.0)			123	110
Amont ITC				12 388)	-				-	-	-
RATE BASE PLANT IN SERVICE 32 Underground Storage \$ 25,622 \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$,				-	-	_
RATE BASE PLANT IN SERVICE 32 Underground Storage \$ 25,622 \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$	21	NET OPERATING DICOME	•	14.540	•			(1)	¢	20	•	(0)	2 229	\$ 203
PLANT IN SERVICE	31		Ψ	17,575			- 4	(1)	Ψ	20	Ψ	(),	220	200
Underground Storage \$ 25,622 \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ \$														
Separal Plant Service Separal Plant Service Separal Plant in Service Separal Plant Service Separal Plant Service Separal Plant Service Separal Plant Separat Separ	32		\$	25,622	\$	-	\$	-	\$	-	\$	- :	s -	\$ -
Total Plant in Service								-		-		-	-	-
ACCUMULATED DEPRECIATION/AMORT 36	34	General Plant		69,725				-		-		-	<u>-</u>	
Underground Storage (9,824) -	35	Total Plant in Service		449,707		-		-		-		-	-	-
37 Distribution Plant (119,790) -														
Separal Plant Continuated Depreciation/Amortization Continuated Depreciation Continu								-		_		-	-	-
NET PLANT 300,633 -								-		-		_	-	
DEFERRED TAXES (65,675) 50	39			(149,074)										
A														-
43 GAS INVENTORY 15,143								-			_	-	-	
44 GAIN ON SALE OF BUILDING 45 OTHER 46 WORKING CAPITAL 47 TOTAL RATE BASE 5 259,389 \$ 50 \$ - \$ 2,828 \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$						50	}	-				-	-	-
45 OTHER (509)				15,143			:	-		-		-	-	-
47 TOTAL RATE BASE \$ 259,389 \$ 50 \$ - \$ 2,828 \$ - \$ - \$ - \$ - \$ - \$ 48 RATE OF RETURN 5.61%	45	OTHER						-						
48 RATE OF RETURN 5.61%	46	WORKING CAPITAL		9,797						2,828			-	
48 RATE OF RETURN 5.61%	47	TOTAL RATE BASE	\$	259,389	5	50	\$		\$	2,828	\$	- ,	s -	s -
50 REVENUE REQUIREMENT 7,075 5 1 288 15 -368 -328		RATE OF RETURN		5.61%							_			
	50	REVENUE REQUIREMENT		7,075			5	1		288		15	-368	-328

AVISTA UTILITIES
WASHINGTON NATURAL GAS - ATTRITION ADJUSTED PRO F
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Regulatory Expense		Injuries and Damages	FIT / DFIT Expense	Office Space Charges to Subs	Restate Excise Taxes	Net Gains/Losses
	Adjustment Number Workpaper Reference	2,04 G-RE	•	2.05 G-ID	2.06 G-FIT	2,07 G-OSC	2,08 G-RET	2,09 G-NGL
	REVENUES							
1	Total General Business	\$	- \$	- \$	-	\$ -	. \$ -	\$ -
2	Total Transportation		-	-	-	-	-	-
3	Other Revenues			<u>.</u>	-		-	
4	Total Gas Revenues		-	-	-	•	-	-
	EXPENSES Production Expenses							
5	City Gate Purchases		-	-	-	-	-	-
6 7	Purchased Gas Expense Net Nat Gas Storage Trans			-	-	-	_	-
8	Total Production		-	-	-	-	-	•
	Underground Storage							
9	Operating Expenses		-	-	-	-	-	-
10 11	Depreciation/Amortization Taxes			-	-	-	-	-
12	Total Underground Storage		-	-		-	-	
	Distribution							
13	Operating Expenses		-	-	-	-	-	-
14 15	Depreciation/Amortization Taxes		-		-	-	(5)	(6)
16	Total Distribution			-		-	(5)	(6)
17 18	Customer Accounting Customer Service & Information		_	_	-	-	-	-
19	Sales Expenses	•	-	-	-	-	-	-
	Administrative & General							
20	Operating Expenses	(1	(2)	231	-	. (9)	-	-
21 22	Depreciation/Amortization Regulatory Amortizations		-	-	-	-	-	-
23	Taxes		_	-	_	-	_	_
24	Total Admin, & General	(1	12)	231	•	(9)	_	-
25	Total Gas Expense	(12)	231	-	(9)	(5)	(6)
26	OPERATING INCOME BEFORE FIT		12	(231)	-	9	5	6
	FEDERAL INCOME TAX			(01)	(000)		2	2
27	Current Accrual Debt Interest		4	(81)	(223)	3	2	2
28 29	Deferred FIT		_		_	-	_	-
30	Amort ITC		-	-		-		-
31	NET OPERATING INCOME	\$	8 \$	(150) \$	\$ 223	\$ 6	\$ 3	\$ 4
	RATE BASE PLANT IN SERVICE							
32	Underground Storage	\$	- \$	- 5	s -	\$ -	\$ -	\$ -
33	Distribution Plant	*	-	- `	·	-	-	_
34	General Plant		-	-	-			
35	Total Plant in Service		-	-		-	-	-
2.	ACCUMULATED DEPRECIATION/AMORT							
36 37	Underground Storage Distribution Plant			-	-	-	-	-
38	General Plant		-	-	-	_		<u>-</u>
39	Total Accumulated Depreciation/Amortization		-		-		-	
40	NET PLANT		-	-	-	-	-	-
41	DEFERRED TAXES		-	-	-	-		-
42	Net Plant After DFIT		-	-	-		-	-
43	GAS INVENTORY		-	-	-	-	-	-
44 45	GAIN ON SALE OF BUILDING OTHER		-	-	-	-	-	-
45 46	WORKING CAPITAL		-	-		**		-
47	TOTÀL RATE BASE	\$	- \$	- :	s -	s -	s -	s -
48	RATE OF RETURN		12	0.40	200	-9	-5	-6
50	REVENUE REQUIREMENT		-13	242	-360	-5	· ->	-6

					Contested	Contested		
· Line No.	DESCRIPTION	Weather Normalization / Gas Cost Adjust	Eliminate Adder Schedules	Misc Restating Adjustments	Restate Debt Interest	Restating Incentive Adjustment	Project Compass Deferral	Restated TOTAL
140.	Adjustment Number	2.10	2.11	2,12 G-MR	2.13 G-DI	2.14 G-RI	2.15 G-CD	R-Ttl
	Workpaper Reference REVENUES	G-WNGC	G-EAS	G-IVIR	G-DI	G-M	G-CD	K-111
1	Total General Business	\$ 12,984	\$ (3,325)	\$ -	\$ -	\$ -	\$ -	\$ 156,631
2	Total Transportation		-	-	-	-	-	4,008
3	Other Revenues		(99,392)		-	-		5,696
4	Total Gas Revenues	12,984	(102,717)	-	-	•	-	166,335
	EXPENSES							
5	Production Expenses City Gate Purchases	10,600	(88,985)	_	_	_		86,559
6	Purchased Gas Expense	9	(00,705)	•	-	4		823
7	Net Nat Gas Storage Trans		(8,665)		-		-	-
8	Total Production	10,609	(97,650)	-	-	4	-	87,382
	Underground Storage							
9	Operating Expenses	-	-	-	-	1	-	834 429
10 11	Depreciation/Amortization Taxes	-	-	-	-	-	-	266
12	Total Underground Storage	-	-	_	-	1	-	1,529
	Distribution							
13	Operating Expenses	-	-	-	-	60	-	11,591
14	Depreciation/Amortization	-		-	-	-	-	8,925
15 16	Taxes Total Distribution	497 497	(127)			60		8,442 28,958
10	Total Distribution	427	(127)			00		20,700
17	Customer Accounting	76	(19)	-	-	31	-	6,371
18	Customer Service & Information	-	(4,914)	-	-	2	-	878
19	Sales Expenses	•	-	-	-	-	-	-
	Administrative & General		(-)	/		2.0		
20 21	Operating Expenses Depreciation/Amortization	26	(7)	(222		36	-	13,431 5,206
22	Regulatory Amortizations	-	-	**	-	-	(1,505)	
23	Taxes	-	-	(222		- 26	(1.606)	17 122
24	Total Admin. & General	26	(7)	(222		36	(1,505)	
25	Total Gas Expense	11,208	(102,717)	(222) -	134	(1,505)	142,250
26	OPERATING INCOME BEFORE FIT	1,776	-	222	-	(134)	1,505	24,085
	FEDERAL INCOME TAX							
27	Current Accrual	622	-	78	(85)	(47)	527	(5,622)
28	Debt Interest	-	-	-		-	-	(29) 12,388
29 30	Deferred FIT Amort ITC		-	-	-	-	_	(20)
31	NET OPERATING INCOME	\$ 1,154	\$ -	\$ 144	\$ 85	\$ (87)	\$ 978	\$ 17,368
51	RATE BASE	Ψ 1,101				* (0.7)	-	
	PLANT IN SERVICE							
32	Underground Storage	\$ -	\$ _	\$ -	- \$ -	\$ -	\$ -	\$ 25,622
33	Distribution Plant	-	-	-	-	-	-	354,360
34	General Plant	-		-				69,725
35	Total Plant in Service ACCUMULATED DEPRECIATION/AMORT	-	•	-	-	-	-	449,707
36	Underground Storage	_	-	-		-	-	(9,824)
37	Distribution Plant		-	-	. <u>-</u>	-	-	(119,790)
38	General Plant				-	-		(19,460)
39 40	Total Accumulated Depreciation/Amortization NET PLANT	-	-				-	(149,074) 300,633
41	DEFERRED TAXES					=	_	(65,625)
42	Net Plant After DFIT					_		235,008
43	GAS INVENTORY	-	-			-	-	15,143
44	GAIN ON SALE OF BUILDING	•	-	•		-	-	(500)
45 46	OTHER WORKING CAPITAL		_			_	-	(509) 12,625
			_	_	_	_	_	
47 48	TOTAL RATE BASE RATE OF RETURN	<u>s</u> -	s -	\$	- \$ -	\$ -	\$ -	\$ 262,267
50	REVENUE REQUIREMENT	-1,862	0	-23	3 -13	7 140	-1,578	

AVISTA UTILITIES WASHINGTON NATURAL GAS - ATTRITION ADJUSTED PRO FPRO FORMA ADJUSTMENTS TWELVE MONTHS ENDED SEPTEMBER 30, 2015 (000'S OF DOLLARS)

		T = = =		Contested	Contested	Contested	T n r	n r
Line No.	DESCRIPTION	Pro Forma Labor Non-Exec	Pro Forma Labor Exec	Pro Forma Employee Benefits	Pro Forma Pipeline Safety Labor	Pro Forma Property Tax	Pro Forma Revenue Normalization	Pro Forma Atmospheric Testing
140.	Adjustment Number	3,00	3.01	3,02	3,03	3,04	3.05	3,06
	Workpaper Reference	G-PLN	G-PLE	G-PEB	G-PPS	G-PPT	G-PREV	G-PAT
	REVENUES							
1	Total General Business	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (72,574)	\$ -
2	Total Transportation	-	-	-	-	-	408	-
3	Other Revenues		-	-		-	(5,413)	
4	Total Gas Revenues	-	-	-	-	-	(77,579)	-
	EXPENSES							
	Production Expenses							
5	City Gate Purchases	-	-	-	-	-	(86,559)	-
6	Purchased Gas Expense	21	(25)	13		-	-	•
7 8	Net Nat Gas Storage Trans Total Production	21	(25)	13			(86,559)	
b	Total Floudction	21	(23)	15			(00,557)	
	Underground Storage							
9	Operating Expenses	-	-	-	-	-	-	-
10	Depreciation/Amortization	-	-	-	-	17	-	-
11 12	Taxes Total Underground Storage		-			17		
12	Total Onderground Storage		-	-		17		
	Distribution							
13	Operating Expenses	284		178	-	-	-	236
14	Depreciation/Amortization	-	-	-	-	-	-	-
15	Taxes		-	-	-	213	(2,764)	
16	Total Distribution	. 284	-	178	-	213	(2,764)	236
	•							
17	Customer Accounting	151	-	93			(423)	-
18 19	Customer Service & Information Sales Expenses	12 0	-	7	-	-	_	-
17	Sales Expenses	U						
	Administrative & General							
20	Operating Expenses	176	12	108	-	-	(144)	-
21	Depreciation/Amortization	-	-	-	-	-	-	-
22 23	Regulatory Amortizations Taxes					_	-	_
24	Total Admin. & General	176	12	108	-		(144)	
0.5		644	(12)	399		230	(89,890)	236
25	Total Gas Expense	- 644	(13)	399		230	(69,690)	230
26	OPERATING INCOME BEFORE FIT	(644)	13	(399)	-	(230)	12,311	(236)
	FEDERAL INCOME TAX							
27	Current Accrual	(225)	5	(140)	-	(81)	4,309	(83)
28	Debt Interest	-	-	-	-	-	-	-
29	Deferred FIT	-	-	-	-	-	-	-
30	Amort ITC		-	-	, ,	-	-	
31	NET OPERATING INCOME	\$ (419)	\$ 8	\$ (259)	\$ -	\$ (150)	\$ 8,002	\$ (153)
	RATE BASE							
	PLANT IN SERVICE							
32	Underground Storage	s -	s -	s -	s -	\$ -	\$ -	\$ -
33	Distribution Plant		_	_	-			-
34	General Plant	-	_	_	-		-	-
35	Total Plant in Service	_	_		_			_
33	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	s -	s -	s -	s -	· s -	s -	s -
	RATE OF RETURN	9 -		-	-			
48	RATE OF RETURN							

AVISTA UTILITIES
WASHINGTON NATURAL GAS - ATTRITION ADJUSTED PRO F
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(000'S OF DOLLARS)

				Contested	Contested	Contested	
			Forma	Pro Forma	Pro Forma	Pro Forma	Pro Forma
Line			ulatory	Capital Add	2016 Limited	O&M	Sub-Total
No.	DESCRIPTION		rtization	Dec 2015 AMA	Capital Adds	Offsets	The National Section 1
	Adjustment Number		3.07	3,08	3.09	3.10	DE COM
	Workpaper Reference	G	-PRA	G-PCAP15	G-PCAP16	G-POFF	PF-STtl
	REVENUES						
1	Total General Business	\$	-	\$ -	\$ -	\$ -	\$ 84,057
2	Total Transportation		-	-	-	-	\$ 4,416
3	Other Revenues		-	-	-	-	\$ 283
4	Total Gas Revenues		-	-	-	-	88,756
	DVD-110D0						
	EXPENSES						
	Production Expenses						
5 6	City Gate Purchases Purchased Gas Expense		-	-	-	-	832
7	Net Nat Gas Storage Trans		_		_	-	632
8	Total Production						832
0	Total Production						
	Underground Storage						
9	Operating Expenses		_		-	_	834
10	Depreciation/Amortization		-	10	-	_	439
11	Taxes		_	-	-	-	283
12	Total Underground Storage		-	10	-	_	1,556
	Distribution						
13	Operating Expenses		-	-	-	-	12,289
14	Depreciation/Amortization		_	163	33	_	9,121
15	Taxes		_	_	-	_	5,891
16	Total Distribution			163	33		27,301
	Total Distribution			100			
17	Customer Assounting						6,192
17 18	Customer Accounting Customer Service & Information		-	_	_	-	897
19	Sales Expenses		_	_	_	-	0
.,	Dates Litpenses						
	Administrative & General						
20	Operating Expenses			_	_	(34)	13,549
21	Depreciation/Amortization		-	443	39	`	5,688
22	Regulatory Amortizations		2,584				1,079
23	Taxes		· -	-	_	-	4.55
24	Total Admin, & General		2,584	443	39	(34)	20,316
05	m - 1 0 - F		2 504		72	(2.1)	67.004
25	Total Gas Expense		2,584	616	72	(34)	57,094
26	OPERATING INCOME BEFORE FIT		(2,584)	(616)	(72)	34	31,662
20	OT EXAMING INCOME BEFORE TH		(2,30-1)	(010)	(12)	2.	
	FEDERAL INCOME TAX						
27	Current Accrual		(904)	(216)	(25)	12	(2,970
28	Debt Interest		(304)	(96)	(74)	12	(199
29	Deferred FIT		_	(20)	-		12,388
30	Amort ITC		_	-	_		(20
							A PART AND A
31	NET OPERATING INCOME	\$	(1,680)	\$ (305)	\$ 28	\$ 22	\$ 22,463
				· · · · ·			
	RATE BASE						
20	PLANT IN SERVICE	•		e 00	e	•	e 25 720
32	Underground Storage	\$	-			\$ -	\$ 25,720
33	Distribution Plant		-	6,252	7,155	-	367,767
34	General Plant		-	5,790	1,776	-	77,291
35	Total Plant in Service		-	12,140	8,931	-	470,778
	ACCUMULATED DEPRECIATION/AMORT				,		
36	Underground Storage			(82)	_	-	(9,900
37	Distribution Plant		_	(1,834)	(123)	-	(121,747
38	Géneral Plant		_	(1,280)	(122)	_	(20,862
39	Total Accumulated Depreciation/Amortization		_	(3,196)	(245)		(152,515
40	NET PLANT	-	-	8,944	8,686	_	318,263
41	DEFERRED TAXES			696	(1,198)		(66,127
-7.1	SHAMMS HUMB						1 1 1 1 1 1 1 1 1 1 1
42	Net Plant After DFIT		-	9,640	7,488	-	252,130
43	GAS INVENTORY						15,14
44	GAIN ON SALE OF BUILDING						
45	OTHER						(509
46	WORKING CAPITAL						12,625
				_	_	_	
47	TOTAL RATE BASE	\$	-	\$ 9,640	\$ 7,488	5 -	\$ 279,395
48	RATE OF RETURN						to the trade as a second
50	REVENUE REQUIREMENT		2,709	1,626	837	-36	-3,33

AVISTA UTILITIES WASHINGTON NATURAL GAS - ATTRITION ADJUSTED PRO F 2017 CROSS CHECK ADJUSTMENTS TWELVE MONTHS ENDED SEPTEMBER 30, 2015 (000'S OF DOLLARS)

Line		Eliminated Cross Check Labor	Eliminated Cross Check Capital Add	Eliminated Cross Check Capital Add	Eliminated Cross Check 2017 AMI	Eliminated Cross Check Information	Eliminated Cross Check Insurance	Eliminated Cross Check Property
No.	DESCRIPTION	Non-Exec	2016 AMA	2017 AMA	Capital & Expense		Expense	Tax Exp
	Adjustment Number Workpaper Reference	4.00 G-CLN	4.01 G-CCAP16	4.02 G-CCAP17	4,03 G-CAMI	4.04 G-CIS	4,05 G-CI	4.06 G-CPT
	REVENUES							
1	Total General Business	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Total Transportation		-	-	-	-	_	-
	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	_	_	_	-	_	-	
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 OPER ATING INCOME	s -	· \$	\$ -	\$ -	· \$ -	\$ -	\$ -
31	NET OPERATING INCOME	3		Φ		-	3 -	9
	RATE BASE							
	PLANT IN SERVICE	en en		dn .	¢	· \$	· \$ -	\$
32	Underground Storage	\$ -	- \$ -	\$ -	\$ -	3 -	.	Φ .
33	Distribution Plant	-			-	•	-	
34	General Plant		·					
35	Total Plant in Service	-		-			-	
	ACCUMULATED DEPRECIATION/AMORT							
36	Underground Storage			-	_	-	-	
37	Distribution Plant	•	-	-	-		-	
38 39	General Plant Total Accumulated Depreciation/Amortization		·	-			-	
40	NET PLANT					-		
41	DEFERRED TAXES			-				
42	Net Plant After DFIT			-	-			
43 44	GAS INVENTORY GAIN ON SALE OF BUILDING	•		-	-			
44	OTHER	•	_	-	-	-	-	
46	WORKING CAPITAL			-	, -	<u> </u>		
	TOTAL RATE BASE	\$	- \$ -	\$ -	<u> </u>	· \$	· \$ -	\$
47								
47 48 50	RATE OF RETURN REVENUE REQUIREMENT		0 () (1	0 (0 0	

AVISTA UTILITIES
WASHINGTON NATURAL GAS - ATTRITION ADJUSTED PRO F
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(000'S OF DOLLARS)

,,,,,,		2017	Eliminated Reconcile 2017	Addition Staff Proposed	2017 FINAL Attrition Adjusted
Line No.	DESCRIPTION	Cross Check Total	Cross Check to Attrition	Attrition Allowance	Pro Forma Total (2)
	Adjustment Number	17CC-Ttl	4.07	4.08	17AA/CC-Ttl
	Workpaper Reference		G-CREC		
	REVENUES				
1	Total General Business	\$ 84,057	\$ -	\$ 1,878	\$ 85,935 \$ 4,417
2	Total Transportation Other Revenues	4,416 283		(18)	\$ 4,417 \$ 265
4	Total Gas Revenues	88,756		1,862	90,618
				,	
	EXPENSES				
5	Production Expenses				
6	City Gate Purchases Purchased Gas Expense	832	-	74	906
7	Net Nat Gas Storage Trans		-	<u>-</u>	Marine State (NOV)
8	Total Production	832		74	906
	Underground Storage				
9	Operating Expenses	834		90	924
10	Depreciation/Amortization	439	-	32	471
11	Taxes	283		(64)	219
12	Total Underground Storage	1,556	•	57	1,613
	Distribution		•		
13	Operating Expenses	12,289		985	13,274
14	Depreciation/Amortization	9,121		860	9,981
15	Taxes	5,891	-	936	6,827
16	Total Distribution	27,301	-	2,781	30,082
17	Customer Accounting	6,192	-	494	6,686
18 19	Customer Service & Information Sales Expenses	897 0		5 (0)	902
1,9	Sales Expenses		· -	(0)	
	Administrative & General				
20	Operating Expenses	13,549	-	1,218	14,767
21 22	Depreciation/Amortization Regulatory Amortizations	5,688 1,079	- 1	926 (270)	6,614 809
23	Taxes	1,075	_	(270)	-
24	Total Admin. & General	20,316		1,874	22,190
25	Total Gas Expense	57,094	_	5,286	62,380
23	Total Gas Expense			3,200	
26	OPERATING INCOME BEFORE FIT	31,662	-	(3,424)	28,238
27	FEDERAL INCOME TAX Current Accrual	(2,970)	_	3,320	350
28	Debt Interest	(199)	-	(165)	(364)
29	Deferred FIT	12,388	-	(4,550)	7,838
. 30	Amort ITC	(20)			(20)
31	NET OPERATING INCOME	\$ 22,463	\$ -	\$ (2,029)	\$ 20,434
51			Ψ	(2,023)	
	RATE BASE PLANT IN SERVICE				
32	Underground Storage	\$ 25,720		(178)	25,542
33	Distribution Plant	367,767		43,856	411,623
34	General Plant	77,291		12,485	89,776
35	Total Plant in Service	470,778	_	56,163	526,941
20	ACCUMULATED DEPRECIATION/AMORT			,,	
36	Underground Storage	(9,906)		(1,146)	(11,052)
37	Distribution Plant	(121,747)		(16,458)	(138,205)
38	General Plant	(20,862)		(3,439)	(24,301)
39 40	Total Accumulated Depreciation/Amortization NET PLANT	(152,515) 318,263	-	(21,043) 35,120	(173,558) 353,383
41	DEFERRED TAXES	(66,127)]	(14,070)	(80,197)
		The state of the s			Employed a profession
42	Net Plant After DFIT	252,136	-	21,051	273,187
43 44	GAS INVENTORY GAIN ON SALE OF BUILDING	15,143	_	(15,143)	
45	OTHER	(509)	-	509	
46	WORKING CAPITAL	12,625		58	12,683
			_		
47	TOTAL RATE BASE	\$ 279,395	\$ -	\$ 6,475	\$ 285,870 7.15%
48 50	RATE OF RETURN REVENUE REQUIREMENT	-3,334		4,035	7.15%
50		- 5,554		1 .,000	701

AVISTA UTILITIES

Comparison of Revenue Requirement Adjustments

TWELVE MONTHS ENDED SEPTEMBER 30, 2015 (000's OF DOLLARS)

		FILED (Washingt		Revenue Requirement	Staff Pro Washing		Revenue Requirement	Revenue Requirement	Difference
Item	Description	NOI	Rate Base	at 7.64 %	NOI	Rate Base	at 7.64 %	at 7.30%	Difference
1.00	Per Results Report	\$14,549	\$259,389	8497	\$14,549	\$259,389	8497	7075	. 0
1.01	Deferred FIT Rate Base	\$0	\$50	5	0	50	5	5	0
1.02	Deferred Debits and Credits	(\$1)	\$0	1	(1)	0	1	1	, 0
1.03	Working Capital	\$28	\$2,828	303	28	2,828	303	288	0
	Actual	14,577	262,267	8,806	14,577	262,267	8,806	7,369	0
		•	•	•		-	•	•	
2.01	Eliminate B & O Taxes	(\$9)	\$0	15	(9)	0	15	15	0
2.02	Restate Property Tax	\$122 \$203	\$0 \$0	-197 -328	228 203	0	-368 -328	-368 -328	-171 0
2.03 2.04	Uncollectible Expense Regulatory Expense	\$203 \$8	\$0 \$0	-328 -13	203 8	0	-328 -13	-328 -13	0
2.04	Injuries and Damages	(\$150)	\$0 \$0	242	(150)	0	242	242	0
2.05	FIT / DFIT Expense	\$223	\$0	-360	223	0	-360	-360	0
2.07	Office Space Charges to Subs	\$6	\$0	-9	6	0	-9	-9	0
2.08	Restate Excise Taxes	\$3	\$0	-5	3	0	-5	-5	0
2.09	Net Gains/Losses	\$4	\$0	-6	4	0	-6	-6	0
2.10	Weather Normalization / Gas Cost Adjust	\$1,154	\$0	-1862	1,154	0	-1862	-1862	0
2.11	Eliminate Adder Schedules	\$0	\$0	0	0	0	0	0	0
2.12	Misc Restating Adjustments	\$144	\$0	-233	144	0	-233	-233	0
2.13	Restate Debt Interest	\$86	\$0	-139	85	0	-137	-137	. 2
2.14	Restating Incentive Adjustment	\$318	\$0	-513	(87)	. 0	140	140	653
2.15	Project Compass Deferral	\$978	\$0	-1578	978	0	-1578	-1578	0
	Restated Total	\$17,668	\$262,267	\$3,820	\$17,368	. \$262,267	\$4,304	\$2,867	\$484
Pro Fo	rma Adjustments								
3.00	Pro Forma Labor Non-Exec	(\$419)	\$0	675	(419)	0	675	675	0
3.01	Pro Forma Labor Exec	\$8	\$0	-14	8	0	-14	-14	0
3.02	Pro Forma Employee Benefits	(\$224)	\$0	361	(259)	0	418	418	57
3.03	Pro Forma Pipeline Safety Labor	(\$68)	\$0	109	0	0	0	. 0	-109
3.04	Pro Forma Property Tax	(\$127)	\$0	205	(150)	0	241	241	36
3.05	Pro Forma Revenue Normalization	\$8,002	\$0	-12907	8,002	0	-12907	-12907	0
3.06	Pro Forma Atmospheric Testing	(\$153)	\$0	247	(153)	0	247	247	0
3.07	Pro Forma Regulatory Amortization	(\$1,680)	\$0	2709	(1,680)	0	2709	2709	0
3.08	Pro Forma Capital Add Dec 2015 AMA	(\$314)	\$6,106	1258	(305)	9,640	1679	1626	421
3.09	Pro Forma 2016 Limited Capital Adds	(\$129)	\$18,120	2440	28 22	7,488	878	-36	-1562 23
3,10	Pro Forma O&M Offsets	\$36	\$0	-59		- 0	-36	-50	
Attritic	on Cross Check Adjustments								
4.00	Cross Check Labor Non-Exec	(\$108)	\$0	· 174	0	0	0	0	-174
4.01	Cross Check Capital Add 2016 AMA	(\$946)	\$1,383	1696	0	0	0	0	-1696
4.02	Cross Check Capital Add 2017 AMA	(\$1,000)	\$8,956	2717	0	0	0	0	-2717
4.03	Cross Check 2017 AMI Capital & Expense	(\$661)	\$9,003	2176	. 0	0	0	0	-2176
4.04	Cross Check Information Tech/Serv Exp	(\$298)	\$0	481	0	0	0	0	-481
4.05	Cross Check Insurance Expense	(\$14)	\$0	23	0	. 0	0	0	-23
4.06	Cross Check Property Tax Exp	(\$168)	\$0	273	0	0	0	0	-273
4.07	Reconcile 2017 Cross Check to Attrition	\$659	(\$7,520)	-1987	0	0	0	0	1987
4.08	Staff's Proposed Attrition Allowance				(2,029)	6,475	4070	4035	4070
	Pro Forma Total	\$20,065	\$298,315	\$4,397	\$20,434	\$285,870	\$2,264	\$700	(\$2,133)
	At Staff's ROR				20,434	285,870	\$700		
							Avista Proposed		\$ 4,397
							Difference		(2,133)
	•						ROR impact		(1,564)
							•	-	700