

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)

		Annualized 2017 & 2018				
		WITH PRESENT RATES			WITH Annualized 2017 & 2018 PROPOSED RATES	
Line No.	DESCRIPTION	Actual Per Results Report	Total Adjustments	Annualized 2017 & 2018 Adjusted Total (1)	Proposed Revenues & Related Exp	Annualized 2017 & 2018 Proposed Total
	a	b	c	d	e	f
REVENUES						
1	Total General Business	\$152,492	\$ (66,557)	\$85,935	\$700	\$86,635
2	Total Transportation	4,114	303	\$4,417		4,417
3	Other Revenues	105,088	(104,823)	\$265		265
4	Total Gas Revenues	261,694	(171,076)	90,618	700	91,318
EXPENSES						
Production Expenses						
5	City Gate Purchases	164,944	(164,944)	-		-
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
Underground Storage						
9	Operating Expenses	833	91	924		924
10	Depreciation	429	42	471		471
11	Taxes	292	(73)	219		219
12	Total Underground Storage	1,554	59	1,613	-	1,613
Distribution						
13	Operating Expenses	11,531	1,743	13,274		13,274
14	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)	30,082	27	30,109
17	Customer Accounting	6,595	91	6,686	4	6,690
18	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	-	-	-		-
24	Total Admin. & General	18,594	3,596	22,190	1	22,191
25	Total Gas Expense	241,428	(179,048)	62,380	32	62,412
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	-	(364)	(364)	-	(364)
29	Deferred FIT	12,388	(4,550)	7,838		7,838
30	Amort ITC	(20)	-	(20)		(20)
31	NET OPERATING INCOME	14,549	5,885	20,434	434	20,868
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	-	353,383
41	DEFERRED FIT	(65,675)	(14,522)	(80,197)		(80,197)
42	Net Plant After DFIT	234,958	38,229	273,187	-	273,187
43	GAS INVENTORY	15,143	(15,143)	-		-
44	GAIN ON SALE OF BUILDING	-	-	-		-
45	OTHER	(509)	509	-		-
46	WORKING CAPITAL	9,797	2,886	12,683		12,683
47	TOTAL RATE BASE	259,389	25,972	285,870	0	285,870
48	RATE OF RETURN	5.61%		7.15%		7.30%

(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	Annualized 2017 & 2018 (000'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

Proposed Capital Structure			
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	<u>100.00%</u>		<u>7.30%</u>

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

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

Line No.	DESCRIPTION	Contested						
		Per Results Report	Deferred FIT Rate Base	Deferred Debits and Credits	Working Capital	Eliminate B & O Taxes	Restate Property Tax	Uncollectible Expense
	Adjustment Number Workpaper Reference	1.00 G-ROO	1.01 G-DFIT	1.02 G-DDC	1.03 G-WC	2.01 G-EBO	2.02 G-RPT	2.03 G-UE
	REVENUES							
1	Total General Business	\$ 152,492	\$ -	\$ -	\$ -	(5,520)	\$ -	\$ -
2	Total Transportation	4,114	-	-	-	(106)	-	-
3	Other Revenues	105,088	-	-	-	-	-	-
4	Total Gas Revenues	261,694	-	-	-	(5,626)	-	-
	EXPENSES							
	Production Expenses							
5	City Gate Purchases	164,944	-	-	-	-	-	-
6	Purchased Gas Expense	810	-	-	-	-	-	-
7	Net Nat Gas Storage Trans	8,665	-	-	-	-	-	-
8	Total Production	174,419	-	-	-	-	-	-
	Underground Storage							
9	Operating Expenses	833	-	-	-	-	-	-
10	Depreciation/Amortization	429	-	-	-	-	-	-
11	Taxes	292	-	-	-	-	(26)	-
12	Total Underground Storage	1,554	-	-	-	-	(26)	-
	Distribution							
13	Operating Expenses	11,531	-	-	-	-	-	-
14	Depreciation/Amortization	8,931	-	-	-	-	-	-
15	Taxes	14,014	-	-	-	(5,612)	(325)	-
16	Total Distribution	34,476	-	-	-	(5,612)	(325)	-
17	Customer Accounting	6,595	-	1	-	-	-	(313)
18	Customer Service & Information	5,790	-	-	-	-	-	-
19	Sales Expenses	-	-	-	-	-	-	-
	Administrative & General							
20	Operating Expenses	13,388	-	-	-	-	-	-
21	Depreciation/Amortization	5,206	-	-	-	-	-	-
22	Regulatory Amortizations	-	-	-	-	-	-	-
23	Taxes	-	-	-	-	-	-	-
24	Total Admin. & General	18,594	-	-	-	-	-	-
25	Total Gas Expense	241,428	-	1	-	(5,612)	(351)	(313)
26	OPERATING INCOME BEFORE FIT	20,266	-	(1)	-	(14)	351	313
	FEDERAL INCOME TAX							
27	Current Accrual	(6,651)	-	(0)	-	(5)	123	110
28	Debt Interest	-	(0)	-	(28)	-	-	-
29	Deferred FIT	12,388	-	-	-	-	-	-
30	Amort ITC	(20)	-	-	-	-	-	-
31	NET OPERATING INCOME	\$ 14,549	\$ 0	\$ (1)	\$ 28	\$ (9)	\$ 228	\$ 203
	RATE BASE							
	PLANT IN SERVICE							
32	Underground Storage	\$ 25,622	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Distribution Plant	354,360	-	-	-	-	-	-
34	General Plant	69,725	-	-	-	-	-	-
35	Total Plant in Service	449,707	-	-	-	-	-	-
	ACCUMULATED DEPRECIATION/AMORT							
36	Underground Storage	(9,824)	-	-	-	-	-	-
37	Distribution Plant	(119,790)	-	-	-	-	-	-
38	General Plant	(19,460)	-	-	-	-	-	-
39	Total Accumulated Depreciation/Amortization	(149,074)	-	-	-	-	-	-
40	NET PLANT	300,633	-	-	-	-	-	-
41	DEFERRED TAXES	(65,675)	50	-	-	-	-	-
42	Net Plant After DFIT	234,958	50	-	-	-	-	-
43	GAS INVENTORY	15,143	-	-	-	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-
45	OTHER	(509)	-	-	-	-	-	-
46	WORKING CAPITAL	9,797	-	-	2,828	-	-	-
47	TOTAL RATE BASE	\$ 259,389	\$ 50	\$ -	\$ 2,828	\$ -	\$ -	\$ -
48	RATE OF RETURN	5.61%						
50	REVENUE REQUIREMENT	7,075	5	1	288	15	-368	-328

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	-	-	-	-	-	-
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	-	-	-	-	-	(6)
15	Taxes	-	-	-	-	(5)	-
16	Total Distribution	-	-	-	-	(5)	(6)
17	Customer Accounting	-	-	-	-	-	-
18	Customer Service & Information	-	-	-	-	-	-
19	Sales Expenses	-	-	-	-	-	-
Administrative & General							
20	Operating Expenses	(12)	231	-	(9)	-	-
21	Depreciation/Amortization	-	-	-	-	-	-
22	Regulatory Amortizations	-	-	-	-	-	-
23	Taxes	-	-	-	-	-	-
24	Total Admin. & General	(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							
27	Current Accrual	4	(81)	(223)	3	2	2
28	Debt Interest	-	-	-	-	-	-
29	Deferred FIT	-	-	-	-	-	-
30	Amort ITC	-	-	-	-	-	-
31	NET OPERATING INCOME	\$ 8	\$ (150)	\$ 223	\$ 6	\$ 3	\$ 4
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
48	RATE OF RETURN	-13	242	-360	-9	-5	-6
50	REVENUE REQUIREMENT	-13	242	-360	-9	-5	-6

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

Line No.	DESCRIPTION	Contested							Restated TOTAL
		Weather Normalization / Gas Cost Adjust	Eliminate Adder Schedules	Misc Restating Adjustments	Restate Debt Interest	Restating Incentive Adjustment	Project Compass Deferral		
	Adjustment Number	2.10	2.11	2.12	2.13	2.14	2.15		
	Workpaper Reference	G-WNGC	G-EAS	G-MR	G-DI	G-RI	G-CD	R-FH	
REVENUES									
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									
Production Expenses									
5	City Gate Purchases	10,600	(88,985)					86,559	
6	Purchased Gas Expense	9				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	
10	Depreciation/Amortization							429	
11	Taxes							266	
12	Total Underground Storage					1		1,529	
Distribution									
13	Operating Expenses					60		11,591	
14	Depreciation/Amortization							8,925	
15	Taxes	497	(127)					8,442	
16	Total Distribution	497	(127)			60		28,958	
17	Customer Accounting	76	(19)			31		6,371	
18	Customer Service & Information		(4,914)			2		878	
19	Sales Expenses								
Administrative & General									
20	Operating Expenses	26	(7)	(222)		36		13,431	
21	Depreciation/Amortization							5,206	
22	Regulatory Amortizations						(1,505)	(1,505)	
23	Taxes								
24	Total Admin. & General	26	(7)	(222)		36	(1,505)	17,132	
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)	
29	Deferred FIT							12,388	
30	Amort ITC							(20)	
31	NET OPERATING INCOME	\$ 1,154	\$ -	\$ 144	\$ 85	\$ (87)	\$ 978	\$ 17,368	
RATE BASE									
PLANT IN SERVICE									
32	Underground Storage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,622	
33	Distribution Plant							354,360	
34	General Plant							69,725	
35	Total Plant in Service							449,707	
ACCUMULATED DEPRECIATION/AMORT									
36	Underground Storage							(9,824)	
37	Distribution Plant							(119,790)	
38	General Plant							(19,460)	
39	Total Accumulated Depreciation/Amortization							(149,074)	
40	NET PLANT							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								
45	OTHER							(509)	
46	WORKING CAPITAL							12,625	
47	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 262,267	
48	RATE OF RETURN							(1)	
50	REVENUE REQUIREMENT	-1,862	0	-233	-137	140	-1,578	2,867	

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

Line No.	DESCRIPTION	Contested		Contested		Contested		Pro Forma Revenue Normalization	Pro Forma Atmospheric Testing		
		Pro Forma Labor Non-Exec	Pro Forma Labor Exec	Pro Forma Employee Benefits	Pro Forma Pipeline Safety Labor	Pro Forma Property Tax	3.00			3.01	3.02
	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	Net Nat Gas Storage Trans	-	-	-	-	-	-	-			
8	Total Production	21	(25)	13	-	-	(86,559)	-			
Underground Storage											
9	Operating Expenses	-	-	-	-	-	-	-			
10	Depreciation/Amortization	-	-	-	-	-	-	-			
11	Taxes	-	-	-	-	17	-	-			
12	Total Underground 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	Customer Service & Information	12	-	7	-	-	-	-			
19	Sales Expenses	0	-	-	-	-	-	-			
Administrative & General											
20	Operating Expenses	176	12	108	-	-	(144)	-			
21	Depreciation/Amortization	-	-	-	-	-	-	-			
22	Regulatory Amortizations	-	-	-	-	-	-	-			
23	Taxes	-	-	-	-	-	-	-			
24	Total Admin. & General	176	12	108	-	-	(144)	-			
25	Total Gas Expense	644	(13)	399	-	230	(89,890)	236			
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
48	RATE OF RETURN	-	-	-	-	-	-	-			
50	REVENUE REQUIREMENT	675	-14	418	0	241	-12,907	247			

Line No.	DESCRIPTION	Contested				Pro Forma Sub-Total
		Pro Forma Regulatory Amortization	Pro Forma Capital Add Dec 2015 AMA	Pro Forma 2016 Limited Capital Adds	Pro Forma O&M Offsets	
		3.07	3.08	3.09	3.10	
	Adjustment Number					
	Workpaper Reference	G-PRA	G-PCAP15	G-PCAP16	G-POFF	PF-STH
	REVENUES					
1	Total General Business	\$ -	\$ -	\$ -	\$ -	\$ 84,057
2	Total Transportation	-	-	-	-	\$ 4,416
3	Other Revenues	-	-	-	-	\$ 283
4	Total Gas Revenues	-	-	-	-	88,756
	EXPENSES					
	Production Expenses					
5	City Gate Purchases	-	-	-	-	-
6	Purchased Gas Expense	-	-	-	-	832
7	Net Nat Gas Storage Trans	-	-	-	-	-
8	Total Production	-	-	-	-	832
	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
17	Customer Accounting	-	-	-	-	6,192
18	Customer Service & Information	-	-	-	-	897
19	Sales Expenses	-	-	-	-	0
	Administrative & General					
20	Operating Expenses	-	-	-	(34)	13,549
21	Depreciation/Amortization	-	443	39	-	5,688
22	Regulatory Amortizations	2,584	-	-	-	1,079
23	Taxes	-	-	-	-	-
24	Total Admin. & General	2,584	443	39	(34)	20,316
25	Total Gas Expense	2,584	616	72	(34)	57,094
26	OPERATING INCOME BEFORE FIT	(2,584)	(616)	(72)	34	31,662
	FEDERAL INCOME TAX					
27	Current Accrual	(904)	(216)	(25)	12	(2,970)
28	Debt Interest	-	(96)	(74)	-	(199)
29	Deferred FIT	-	-	-	-	12,388
30	Amort ITC	-	-	-	-	(20)
31	NET OPERATING INCOME	\$ (1,680)	\$ (305)	\$ 28	\$ 22	\$ 22,463
	RATE BASE					
	PLANT IN SERVICE					
32	Underground Storage	\$ -	\$ 98	\$ -	\$ -	\$ 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)	-	-	(9,906)
37	Distribution Plant	-	(1,834)	(123)	-	(121,747)
38	General 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)
42	Net Plant After DFIT	-	9,640	7,488	-	252,136
43	GAS INVENTORY	-	-	-	-	15,143
44	GAIN ON SALE OF BUILDING	-	-	-	-	-
45	OTHER	-	-	-	-	(509)
46	WORKING CAPITAL	-	-	-	-	12,625
47	TOTAL RATE BASE	\$ -	\$ 9,640	\$ 7,488	\$ -	\$ 279,395
48	RATE OF RETURN					
50	REVENUE REQUIREMENT	2,709	1,626	837	-36	-3,334

AVISTA UTILITIES
 WASHINGTON NATURAL GAS - ATTRITION ADJUSTED PRO F2017 CROSS CHECK ADJUSTMENTS
 TWELVE MONTHS ENDED SEPTEMBER 30, 2015
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Eliminated	Eliminated	Eliminated	Eliminated	Eliminated	Eliminated	Eliminated
		Cross Check Labor Non-Exec	Cross Check Capital Add 2016 AMA	Cross Check Capital Add 2017 AMA	Cross Check 2017 AMI Capital & Expense	Cross Check Information Tech/Serv Exp	Cross Check Insurance Expense	Cross Check Property Tax Exp
	Adjustment Number	4.00	4.01	4.02	4.03	4.04	4.05	4.06
	Workpaper Reference	G-CLN	G-CCAP16	G-CCAP17	G-CAMI	G-CIS	G-CI	G-CPT
	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	-	-	-	-	-	-	-
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
48	RATE OF RETURN							
50	REVENUE REQUIREMENT	0	0	0	0	0	0	0

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

Line No.	DESCRIPTION	2017 Cross Check Total	Eliminated		Addition		2017 FINAL Attrition Adjusted Pro Forma Total (2)
			Reconcile 2017 Cross Check to Attrition		Staff Proposed Attrition Allowance		
	Adjustment Number	17CC-TH	4.07		4.08		17AA/CC-TH
	Workpaper Reference		G-CREC				
	REVENUES						
1	Total General Business	\$ 84,057	\$ -	\$ 1,878	\$ 85,935		
2	Total Transportation	4,416	-	1	4,417		
3	Other Revenues	283	-	(18)	265		
4	Total Gas Revenues	88,756	-	1,862	90,618		
	EXPENSES						
	Production Expenses						
5	City Gate Purchases	-	-	-	-		
6	Purchased Gas Expense	832	-	74	906		
7	Net Nat Gas Storage Trans	-	-	-	-		
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	Customer Service & Information	897	-	5	902		
19	Sales Expenses	0	-	(0)	-		
	Administrative & General						
20	Operating Expenses	13,549	-	1,218	14,767		
21	Depreciation/Amortization	5,688	-	926	6,614		
22	Regulatory Amortizations	1,079	-	(270)	809		
23	Taxes	-	-	-	-		
24	Total Admin. & General	20,316	-	1,874	22,190		
25	Total Gas Expense	57,094	-	5,286	62,380		
26	OPERATING INCOME BEFORE FIT	31,662	-	(3,424)	28,238		
	FEDERAL INCOME TAX						
27	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		
	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		
	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	Total Accumulated Depreciation/Amortization	(152,515)	-	(21,043)	(173,558)		
40	NET PLANT	318,263	-	35,120	353,383		
41	DEFERRED TAXES	(66,127)	-	(14,070)	(80,197)		
42	Net Plant After DFIT	252,136	-	21,051	273,187		
43	GAS INVENTORY	15,143	-	(15,143)	-		
44	GAIN ON SALE OF BUILDING	-	-	-	-		
45	OTHER	(509)	-	509	-		
46	WORKING CAPITAL	12,625	-	58	12,683		
47	TOTAL RATE BASE	\$ 279,395	\$ -	\$ 6,475	\$ 285,870		
48	RATE OF RETURN				7.15%		
50	REVENUE REQUIREMENT	-3,334	-	4,035	701		

