

Exhibit No. ECO-2
Dockets UE-160228/UG-160229
Witness: Elizabeth C. O'Connell

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

ELIZABETH C. O'CONNELL

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Deferred Debits and Credits Workpapers

August 17, 2016

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

Line No.	DESCRIPTION	Deferred Debits and Credits
	Adjustment Number	1.02
	Workpaper Reference	E-DDC
REVENUES		
1	Total General Business	\$0
2	Interdepartmental Sales	-
3	Sales for Resale	-
4	Total Sales of Electricity	-
5	Other Revenue	-
6	Total Electric Revenue	-
EXPENSES		
Production and Transmission		
7	Operating Expenses	(3,725)
8	Purchased Power	-
9	Depreciation/Amortization	-
10	Regulatory Amortization	(1,360)
11	Taxes	-
12	Total Production & Transmission	(5,085)
Distribution		
13	Operating Expenses	-
14	Depreciation/Amortization	-
15	Regulatory Amortization	-
16	Taxes	-
17	Total Distribution	-
18	Customer Accounting	3
19	Customer Service & Information	-
20	Sales Expenses	-
Administrative & General		
21	Operating Expenses	-
22	Depreciation/Amortization	-
23	Taxes	-
24	Total Admin. & General	-
25	Total Electric Expenses	(5,082)
26	OPERATING INCOME BEFORE FIT	5,082
FEDERAL INCOME TAX		
27	Current Accrual	1,779
28	Debt Interest	63
29	Deferred Income Taxes	-
30	Amortized ITC - Noxon	-
31	NET OPERATING INCOME	\$3,241
RATE BASE		
PLANT IN SERVICE		
32	Intangible	\$0
33	Production	-
34	Transmission	-
35	Distribution	-
36	General	-
37	Total Plant in Service	-
ACCUMULATED DEPRECIATION/AMORT		
38	Intangible	-
39	Production	-
40	Transmission	-
41	Distribution	-
42	General	-
43	Total Accumulated Depreciation	-
44	NET PLANT	-
45	DEFERRED TAXES	-
46	Net Plant After DFIT	-
47	DEFERRED DEBITS AND CREDITS & OTHER	(6,302)
48	WORKING CAPITAL	-
49	TOTAL RATE BASE	(\$6,302)
50	RATE OF RETURN	
51	REVENUE REQUIREMENT	(6,005)

AVISTA UTILITIES
DEFERRED DEBITS AND CREDITS ADJUSTMENT
TWELVE MONTHS ENDED SEPTEMBER 30, 2015

Description	APL Reference	Rate Base		UE-110876 Treatment	Exp Acct	Work paper Ref
		2017 Balance	Balance Per Results			
Colstrip 3 AFUDC Elimination Reallocation	1	(702,309)	(702,423)	114 Test Year	Stream Deprec	E-DDC-6
Colstrip Common AFUDC	2	214,266	214,265	1 Test Year	406100	E-DDC-7
Kettle Falls Disallowance	3	(301,041)	(301,063)	22 Test Year	407403	E-DDC-9
Settlement Exchange Power	4	4,354,028	8,875,914	(4,521,886) Rate Year	405930	E-DDC-11
CDA Lake Settlement	6	337,829	560,301	(222,472) Rate Year	407382	E-DDC-13
CDA/SRR CDR Fund	7	37,806	62,702	(24,896) Rate Year	407324	E-DDC-15
Spokane River Deferral	8	161,988	268,680	(106,692) Rate Year	407322	E-DDC-17
SRR PM&E Deferral	9	102,860	170,573	(67,713) Rate Year	537000	E-DDC-19
Montana Riverbed Settlement	10	-	769,617	(769,617) Rate Year	540100	E-DDC-21
Lancaster Amortization	11	-	589,334	(589,334) Rate Year	407312	E-DDC-25
Customer Advances	12	(461,643)	(461,659)	16 Test Year	-	E-DDC-27
Customer Deposits	14	(1,842,708)	(1,842,708)	0 Test Year	905000	E-DDC-29
Sub-Total Deferred Debits and Credits		1,901,076	8,203,533	-6,302,457		
Working Capital	15		44,420,396			
DSM Programs	16		-			
E-APL-12A Check total			52,623,929			

2017 Balance	Expense Per Results	Adjustment	Work paper Ref
(145,560)	(145,536)	(24)	E-DDC-6
31,743	31,743	-	E-DDC-7
(135,060)	(134,592)	(468)	E-DDC-9
2,450,031	2,450,031	-	E-DDC-11
152,118	152,118	-	E-DDC-13
11,065	11,065	-	E-DDC-15
72,939	72,939	-	E-DDC-17
46,316	46,316	-	E-DDC-19
-	3,725,126	(3,725,126)	E-DDC-21
-	1,360,000	(1,360,000)	E-DDC-25
2,948	-	2,948	E-DDC-27
2,486,540	7,569,210	-5,082,670	E-DDC-29

P/T O&M Adjustment	(3,725,126)	
P/T Deprec Adjustment	(24)	No FIT on Colstrip AFUDC Elim Reallocation
P/T Amort Adjustment	(1,360,468)	
Customer Accounting	2,948	
Gen O&M Adjustment	-	
Total Expense Adjustment	(5,082,670)	
FIT Expense	35%	1,778,934 Automatically Calculated on Total Expense Adj
Adjst FIT	35%	(8) Eliminates FIT on Colstrip AFUDC Reallocation
Total Tax Expense Adjustment	1,778,926	

Rate Base Balances per Results are shown on Workpaper Ref. E-DDC-2
P/T Amortization Expenses per Results are shown on Workpaper Ref. E-DDC-3

Avista Utilities
Montana Settlement Lease Payment
Annual Expense

Rent Year	Payment Date	Base Rent	CPI Annual Average Index	WA		ID		WA Rent	ID Rent
				Allocation	Annual Rent	Allocation	Annual Rent		
2007	February 2008	\$ 4,000,000	1	65.83%	\$ 4,000,000	34.17%	\$ 2,633,200	\$ 1,366,800	
2008	February 2009	\$ 4,000,000	1.0428	64.59%	\$ 4,171,200	35.41%	\$ 2,694,178	\$ 1,477,022	
2009	February 2010	\$ 4,000,000	1.0431	64.42%	\$ 4,172,400	35.58%	\$ 2,687,860	\$ 1,484,540	
2010	February 2011	\$ 4,000,000	1.0705	64.87%	\$ 4,282,000	35.13%	\$ 2,777,733	\$ 1,504,267	
2011	February 2012	\$ 4,000,000	1.0880	65.16%	\$ 4,352,000	34.84%	\$ 2,835,763	\$ 1,516,237	
2012	February 2013	\$ 4,000,000	1.1206	65.24%	\$ 4,482,400	34.76%	\$ 2,924,318	\$ 1,558,082	
2013	February 2014	\$ 4,000,000	1.1542	65.01%	\$ 4,616,800	34.99%	\$ 3,001,382	\$ 1,615,418	
2014	February 2015	\$ 4,000,000	1.1888	65.19%	\$ 4,755,200	34.81%	\$ 3,099,915	\$ 1,655,285	
2015	February 2016	\$ 4,000,000	1.2245	64.71%	\$ 4,898,000	35.29%	\$ 3,169,496	\$ 1,728,504	
2016	February 2017	\$ 4,000,000	1.2612	64.71%	\$ 5,044,800	35.29%	\$ 3,264,490	\$ 1,780,310	
2017	February 2018	\$ 4,000,000	1.2990	64.71%	\$ 5,196,000	35.29%	\$ 3,362,332	\$ 1,833,668	
							\$ 29,088,335	\$ 15,686,465	

Note: The existing 10-Year term of the lease payments agreed to expires at the end of 2016; however, it is the Company's expectation that the Mt Trust Fund Settlement payments through renegotiation will be extended into 2017 and beyond. Therefore an estimated 2017 expected lease payment expense has been included above. The Company will update this expense level during the process of the case to reflect any negotiated results or changes in expense.

Note:
Future year CPI's are increased by 3%.