

Exhibit No. \_\_\_\_ (CRM-3)  
Dockets UE-140188/UG-140189  
Witness: Chris McGuire

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**AVISTA CORPORATION,**

**Respondent.**

**DOCKETS UE-140188 and  
UG-140189  
(Consolidated)**

**EXHIBIT TO  
TESTIMONY OF**

**CHRIS McGUIRE**

**STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

*Calculation of General Revenue Requirement  
Washington – Electric System*

**July 22, 2014  
Revised July 31, 2014**

**AVISTA UTILITIES**  
**2015 NATURAL GAS ATTRITION STUDY**  
**Calculation of General Revenue Requirement**  
**Washington - Natural Gas System**  
**Twelve Months Ended December 31, 2013**  
**(000's of Dollars)**

Line No.	Description	(a) Attrition Balances	(b) Revenue Growth Factor	(c) Attrition Adjusted Balances	(d) After Attrition Adjustments (i)	(e) Final Balances	(f) 2014 Temporary Rate Increase	(g) 2015 Revenue Requirement
1	Attrition Rate Base	247,796	1.000000	\$247,796	\$0	\$247,796		
2	Proposed Rate of Return			6.77%		6.77%		
3	Net Operating Income Requirement			\$16,776	\$0	\$16,776		
4	Attrition Net Operating Income	\$ 11,707	1.000000	\$11,707	(\$171)	\$11,536	\$12,379	
5	Net Operating Income Deficiency			\$5,069	\$171	\$5,240		
6	Revenue Conversion Factor			0.62063	0.62063	0.62063		
7	Attrition Revenue Deficiency (Surplus)			\$8,167	\$276	\$8,443	\$1,358	\$7,085
8	Total General Business Revenues							
9	Rate of Return (pre-attrition adjustment)					4.66%	5.00%	
10	Percentage Revenue Increase							
11	Attrition-Based Revenue Requirement							

Notes: (i) The Adjustment included after the attrition calculated revenue requirement of \$8.167 million shown above was deemed necessary by Avista in order to account for 1/3 of atmospheric testing expenses (or \$262,000). This adjustment represents amounts not included in the 12/31/2013 normalized commission basis results used as the starting point of the Company's updated attrition analysis. See workpapers included with Staff\_DR\_115-Attachment E. Staff does not contest this adjustment.