

**SUMMARY OF ADJUSTMENTS TO REVENUE REQUIREMENT AND RATE BASE
AS AGREED TO BY PARTIES IN PARTIAL SETTLEMENT STIPULATION**

000s of Dollars

	Rev. Req. Incr	Rate Base Incr
	/ (Dec)	/ (Dec)
Revenue Requirement As Filed by Avista	\$ 8,557	\$ 217,824
Cost of Debt	(23)	-
State Effective Tax Rate	(41)	-
Uncollectibles	(7)	-
Working Cash	(116)	(1,090)
State Taxes	(1,353)	-
Depreciation	(278)	112
D&O Insurance	(52)	-
Various A&G Expenses	(31)	-
Wages & Salaries	(65)	-
Property Tax	(69)	-
Prepaid Pension Asset	(605)	(5,655)
Other Revenues - Miscellaneous Revenue	(34)	-
Load Forecasting	867	-
Cost Allocations	(9)	-
Summary Total of Adjustments to Revenue Requirement (1)	(1,816)	(6,633)
Adjusted Revenue Requirement and Rate Base: (1)	\$ 6,741	\$ 211,191

(1) Per Partial Settlement Stipulation filed on November 6, 2015

SUMMARY OF ADJUSTED LITIGATION POSITION REVENUE REQUIREMENT

000s of Dollars

	Avista Rev. Req. Incr / (Dec)	OPUC Staff Rev. Req. Incr / (Dec)	NWIGU / CUB Rev. Req. Incr / (Dec)	CUB Rev. Req. Incr / (Dec)
Revenue Requirement As Filed by Avista	\$ 8,557	\$ 8,557	\$ 8,557	\$ 8,557
Agreed Upon Adjustments: (1)	<u>(1,816)</u>	<u>(1,816)</u>	<u>(1,816)</u>	<u>(1,816)</u>
Adjusted Revenue Requirement (1)	<u>6,741</u>	<u>6,741</u>	<u>6,741</u>	<u>6,741</u>
<u>Revised / Contested Adjustments</u>				
A. Return on Equity and Capital Structure	-	(1,541)	(1,400)	(1,400)
B. Information Technology Related to Project Compass	-	(132)	-	-
C. Plant Investment	-	(3,194)	-	(218)
D. Wage & Salaries - Bonus & Incentives	-	(329)	-	-
E. Medical Benefits	-	(181)	-	-
F. Pension Expense	-	(361)	(340)	(340)
G. Post Retirement Medical Expenses	-	(25)	-	-
H. Bonus Depreciation	<u>(294) ⁽³⁾</u>	-	<u>(667) ⁽²⁾</u>	<u>(667) ⁽²⁾</u>
Total of <u>Revised / Contested Adjustments</u>	<u>(294)</u>	<u>(5,763)</u>	<u>(2,407)</u>	<u>(2,625)</u>
Adjusted Litigation Position Revenue Requirements	<u>\$ 6,447</u>	<u>\$ 978</u>	<u>\$ 4,334</u>	<u>\$ 4,116</u>

(1) Per Partial Settlement Stipulation filed on November 6, 2015

(2) Mr. Gorman's total proposal related to state income tax (SIT) and bonus depreciation was \$2.02 million (SIT of \$1.22 million and \$.8 million Bonus Depreciation). The \$667,000 reflects the difference between the \$2.02 million and the agreed-upon SIT adjustment in the Stipulation of \$1.353.

(3) Mr. Gorman's total proposal related to state income tax (SIT) and bonus depreciation was \$2.02 million (SIT of \$1.22 million and \$.8 million Bonus Depreciation). The Company's revised litigation position reflects the tax benefit in 2015 related to the third- and fourth-quarter bonus tax depreciation benefit, and the incremental tax benefit of the Repairs Deduction for 2015, resulted in tax payments being approximately 53% lower than they otherwise would have been. The \$294,000 reflects the difference between the revenue requirements of \$1.647 (SIT of \$1.22 million and \$.427 million Bonus Depreciation) million and the agreed-upon SIT adjustment in the Stipulation of \$1.353.

Source: AVISTA/1000, Revised Smith/9 (12/30/2015 Revised)

SUMMARY OF ADJUSTED LITIGATION POSITION REVENUE REQUIREMENT

000s of Dollars

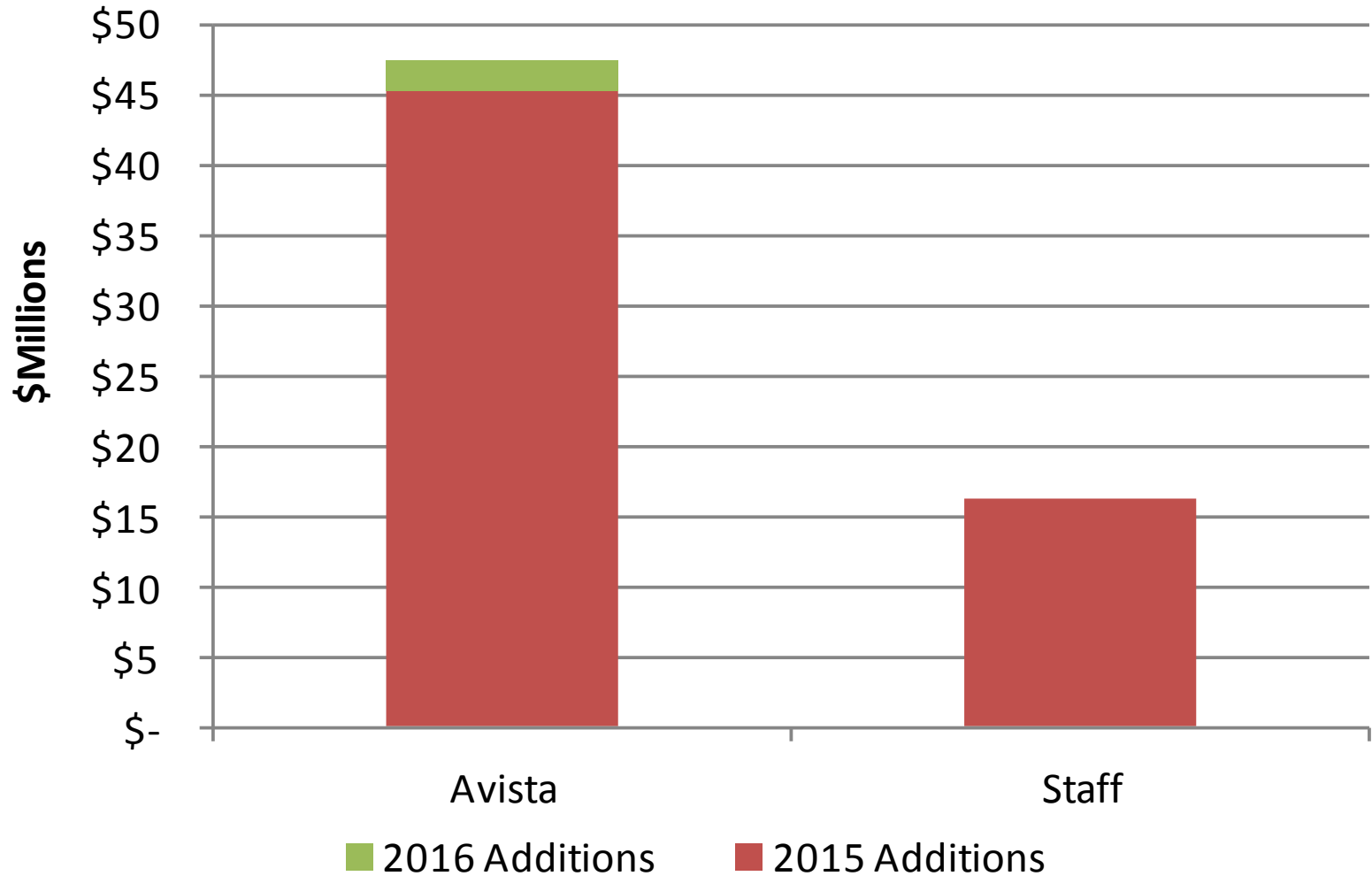
	Avista Rev. Req. Incr / (Dec)	OPUC Staff Rev. Req. Incr / (Dec)	NWIGU / CUB Rev. Req. Incr / (Dec)	CUB Rev. Req. Incr / (Dec)
Revenue Requirement As Filed by Avista	\$ 8,557	\$ 8,557	\$ 8,557	\$ 8,557
Agreed Upon Adjustments: (1)	(1,816)	(1,816)	(1,816)	(1,816)
Adjusted Revenue Requirement (1)	6,741	6,741	6,741	6,741
<u>Revised / Contested Adjustments</u>				
A. Return on Equity and Capital Structure	-	(1,541)	(1,400)	(1,400)
B. Information Technology Related to Project Compass	-	(132)	-	-
C. Plant Investment	-	(3,194)	-	(218)
D. Wage & Salaries - Bonus & Incentives	-	(329)	-	-
E. Medical Benefits	-	(181)	-	-
F. Pension Expense	-	(361)	(340)	(340)
G. Post Retirement Medical Expenses	-	(25)	-	-
H. Bonus Depreciation	(675) ⁽³⁾	-	(667) ⁽²⁾	(667) ⁽²⁾
Total of Revised / Contested Adjustments	(675)	(5,763)	(2,407)	(2,625)
Adjusted Litigation Position Revenue Requirements	\$ 6,066	\$ 978	\$ 4,334	\$ 4,116

(1) Per Partial Settlement Stipulation filed on November 6, 2015

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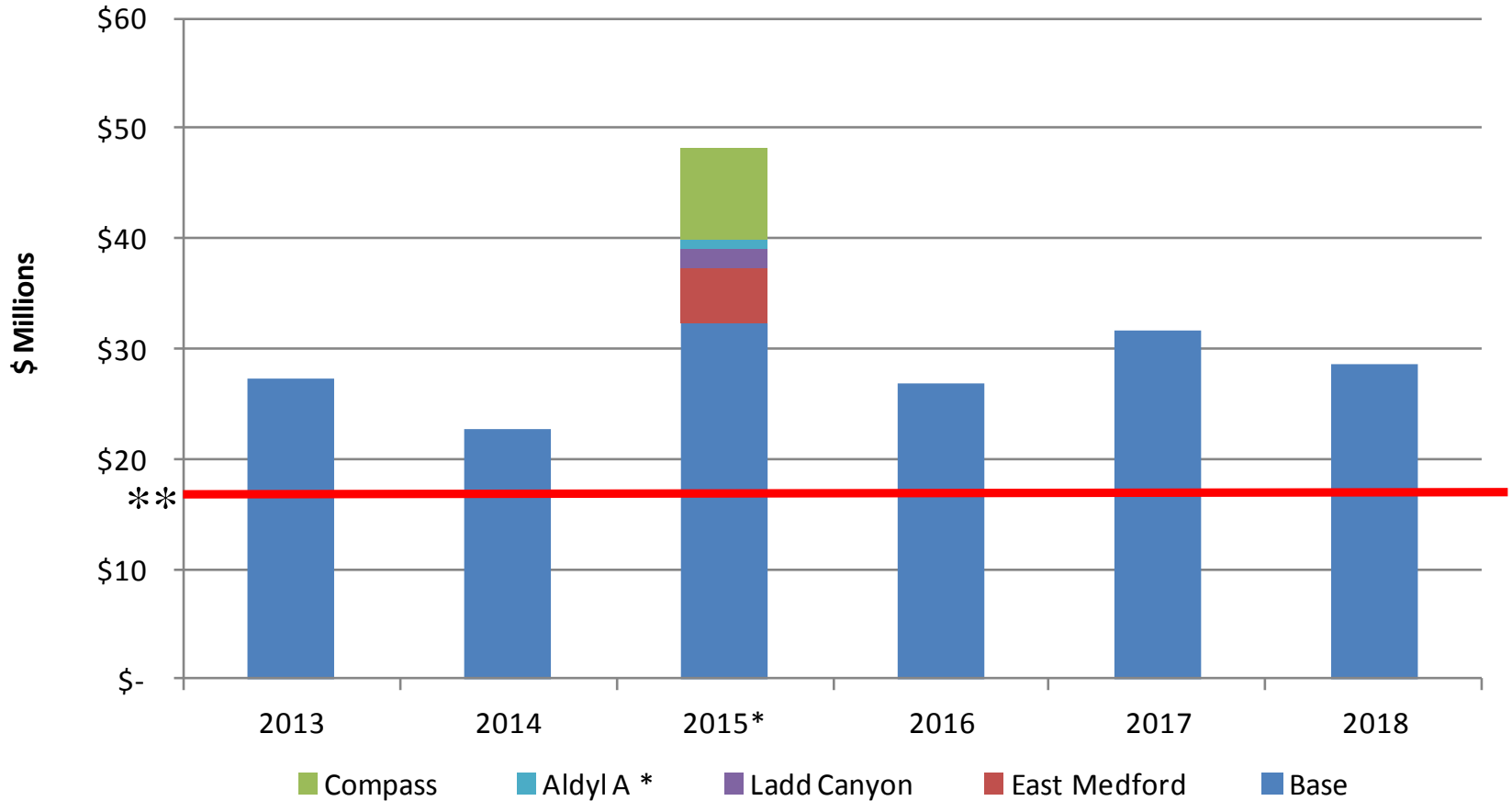
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Proposed Net Plant Adjustments



Source: AVISTA/1400, Schuh/9

Oregon Gross Plant Additions

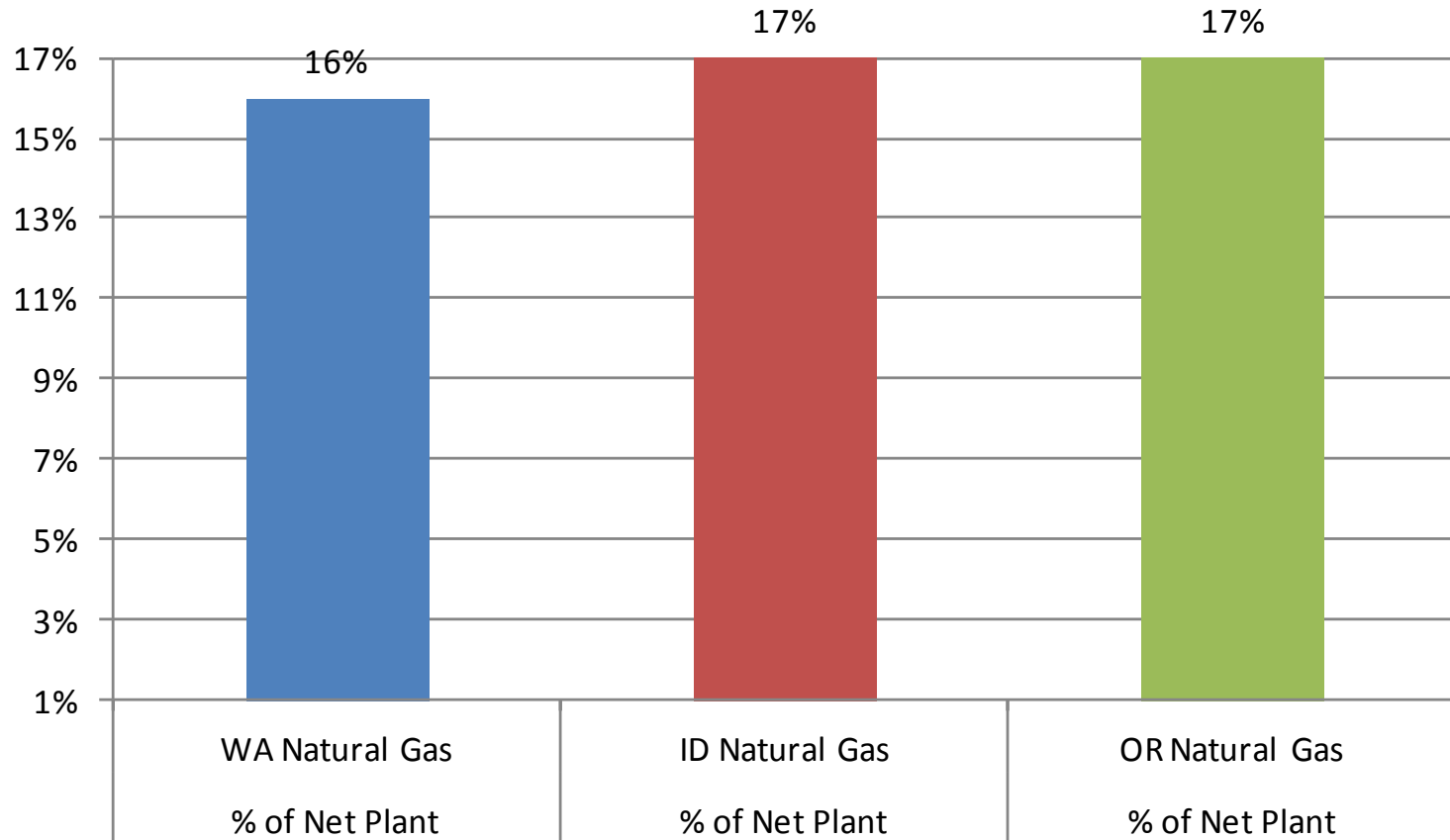


* Represents Incremental Aldyl A transfers over 2014.

** Represents Staff's allowance of \$16.3M of capital.

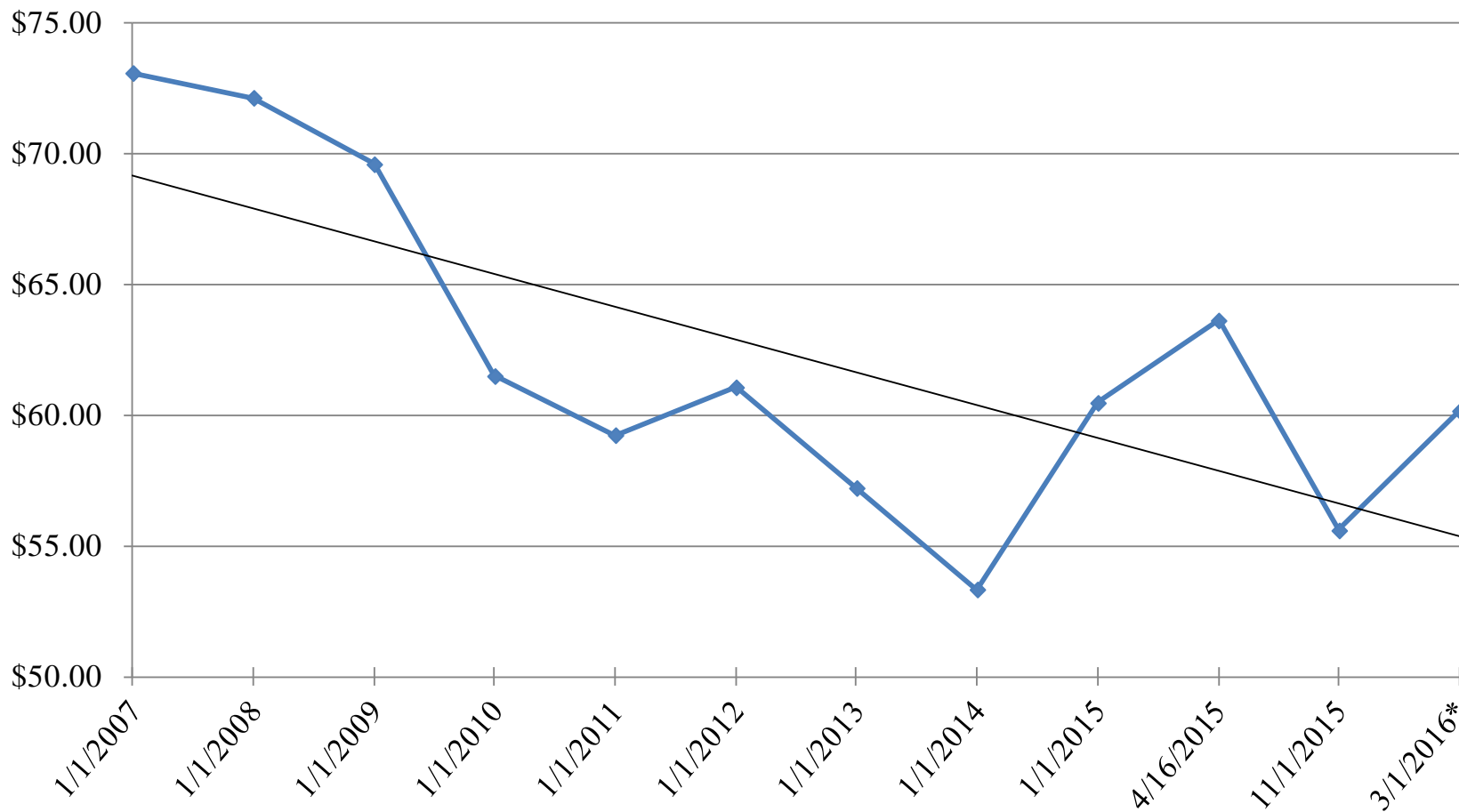
Source: Avista Final Brief, p. 9

2015 Natural Gas Transfers to Plant as a percent of Net Plant by Jurisdiction



Source: AVISTA/1400, Schuh/15

Oregon Residential Natural Gas Bill 2007 - 2015 and 2016* (Schedule 410 - 47 Therms)



* Residential Bill including Avista's \$6.7 million Reply Testimony Revenue Requirement effective March 1, 2016.

Source: AVISTA/1400, Schuh/6

Table No. 1 – Capital Investment and Capital Requests (in Millions)

Year	Total Requests	Funded Requests	Unfunded Requests
2011	\$291	\$230	\$61
2012	\$269	\$250	\$19
2013	\$320	\$266	\$54
2014	\$386	\$331	\$55

Source: Avista/1400, Schuh/13

Docket No. UG 288

Staff/600
Moore/15

1 **Q. What is Staff's adjustment and how did you arrive at it?**

2 A. Staff recommends removing approximately \$30 million from the Company's
3 capital additions. This adjustment is in addition to the specific adjustment for
4 Project Compass recommended by Ms. Johnson, who recommends a \$1.3
5 million reduction.

6 Staff arrives at this adjustment of \$30 million by setting a target for growth of
7 net utility plant of 7.75 percent, which equates to a rate base addition of
8 approximately \$16.4 million. This results in a \$31.3 million overall reduction in
9 capital projects. From this amount, I subtract the \$1.3 million adjustment to
10 Project Compass made by Ms. Johnson in Staff/300. This leaves a \$30 million
11 adjustment to the overall capital budget.

Capital addition adjustment	
7.75%	Historical RB growth
\$210,751,974	2014 Net Utility Plant
\$47,658,000	UG 288 Avista Capital forecast
(\$16,333,278)	2014 net plant * 7.75%
(\$31,324,722)	Total Staff Adjustment
(\$1,300,000)	Project Compass Adjustment - J. Johnson
(\$30,024,722)	Net Staff Adjustment - M. Moore

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Please refer to Exhibit Staff/606 Excel workpapers for the details of my recommended adjustment.

Q. Does this conclude your testimony?

A. Yes.

Avista UG 288
Test Year Ending December 31, 2016
000's of Dollars

Staff adjustments for programmatic capital projects reflect an allowance for the yearly averages of spending in 2010-2014. Adjustments for certain discrete projects such as website redevelopment, and campus restructuring reflect staff questions regarding the prudence of the cost, as well as the extent of benefit to customers. In the Company's 2014 IRP, approved in February of 2015, indicates the East Medford Reinforcement project is not immediately needed, and is slated to come on line in 2018.

Growth distribution projects were disallowed absent a showing of need. The IRP indicates relatively flat demand for the next few years, and forecast data in the response to DR 193 shows a decrease in the number of customers from 2013-2015.

Description/ Account No.	Company Filing		Staff		Adjustment	
	Total Company	OR-Allocated	Total Company	OR-Allocated	Total Company	OR-Allocated
Utility Plant - 101						
2277 SCADA Upgrade	\$ 1,020	\$ 89		\$ 0		\$ (89)
5005- Tech Refresh	\$ 21,379	\$ 1,860		\$ -		\$ (1,860)
5005- Tech Expansion	\$ 7,431	\$ 647		\$ -		\$ (647)
5010-Enterprise Bus. Continuity	\$ 649	\$ 56		\$ -		\$ (56)
5014-Enterprise Security Sys	\$ 5,400	\$ 470		\$ 157		\$ (313)
5106- Next Gen Radio	\$ 4,200	\$ 365		\$ -		\$ (365)
5121- Microwave 2 Fiber Repl	\$ 2,755	\$ 240		\$ -		\$ (240)
5138- Project Compass	\$ 95,386	\$ 8,300		\$ -		\$ - [a]
5143-Website redev	\$ 7,038	\$ 612		\$ -		\$ (612)
5144 - Mobility in Field	\$ 420	\$ 37		\$ -		\$ (37)
7000-Transport Equip	\$ 7,834	\$ 959		\$ -		\$ (959)
7001-Structures & Imp	\$ 3,400	\$ 296		\$ -		\$ (296)
7003-Office Furniture	\$ 1,200	\$ 104		\$ -		\$ (104)
7005-Stores Equip	\$ 648	\$ 56		\$ -		\$ (56)
7101-COF HVAC	\$ 10,979	\$ 955		\$ -		\$ (955)
7129-LT Campus Re-struct	\$ 5,000	\$ 435		\$ -		\$ (435)
7131-LT Campus Re-struct PHIL	\$ 2,000	\$ 174		\$ -		\$ (174)
7200-Craft training	\$ 121	\$ 11		\$ 3		\$ (8)
Total						\$ (7,117)
1001-Gas Revenue Growth	\$ 13,545	\$ 3,846		\$ 900		\$ (3,346)
1050-Gas meters Growth	\$ 1,880	\$ 653		\$ 85		\$ (573)
1051-Gas regulators growth	\$ 330	\$ 62		\$ 7		\$ (45)
1053-Gas ERT growth	\$ 678	\$ 237		\$ 31		\$ (206)
3000-Gas Reinforce-minor	\$ 1,481	\$ 761		\$ -		\$ (761)
3001-Repl deteriorated system	\$ 1,000	\$ 1,000		\$ 701		\$ (299)
3002-Regulator reliability	\$ 947	\$ 367		\$ 260		\$ (127)
3003-Gas Repl-Street&hwy	\$ 4,827	\$ 3,477		\$ 1,500		\$ (1,977)
3005-Gas distr. Non-revenue	\$ 6,002	\$ 3,602		\$ -		\$ (3,602)
3006-Overbuilt pipe repl	\$ 900	\$ 823		\$ -		\$ (823)
3007-Isolated steel	\$ 3,450	\$ 850		\$ 200		\$ (650)
3008-Aldyl-A pipe repl.	\$ 18,317	\$ 6,298		\$ 5,164		\$ (1,134)
3203-E Medford reinforcement	\$ 5,000	\$ 5,000		\$ 0		\$ (5,000)
3303-Ladd Canyon Gate upg	\$ 1,650	\$ 1,650		\$ 93		\$ (1,557)
3307-Bonanza Gate move	\$ 600	\$ 600		\$ -		\$ (600)
Jackson Prairie storage	\$ 1,356	\$ 131		\$ -		\$ (121)
Total						\$ (20,836)
Distribution Capital - 2016						
1001-Gas Revenue Growth	\$ 1,720			\$ -		\$ (1,720)
1050-Gas meters Growth	\$ 154			\$ -		\$ (154)
1051-Gas regulators growth	\$ 11			\$ -		\$ (11)
1053-Gas ERT growth	\$ 165			\$ -		\$ (165)
Total						\$ (2,050)
TOTAL Adjustment						\$ (30,003)

Avista UG 288
Test Year Ending December 31, 2016
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Utility Plant - 101						
2277-SCADA Upgrade	\$ 1,020	\$ 89	\$ 0	\$ -	\$ (89)	\$ (89)
5005- Tech Refresh	\$ 21,379	\$ 1,860	\$ -	\$ -	\$ (1,860)	\$ (1,860)
5006- Tech Expansion	\$ 7,431	\$ 647	\$ -	\$ -	\$ (647)	\$ (647)
5010-Enterprise Bus. Continuity	\$ 649	\$ 56	\$ -	\$ -	\$ (56)	\$ (56)
5014-Enterprise Security Sys	\$ 5,400	\$ 470	\$ 157	\$ -	\$ (313)	\$ (313)
5106- Next Gen Radio	\$ 4,200	\$ 365	\$ -	\$ -	\$ (365)	\$ (365)
5121- Microwave 2 Fiber Repl	\$ 2,755	\$ 240	\$ -	\$ -	\$ (240)	\$ (240)
5138- Project Compass	\$ 95,386	\$ 8,300	\$ -	\$ -	\$ -	\$ [a]
5143-Website redev	\$ 7,038	\$ 612	\$ -	\$ -	\$ (612)	\$ (612)
5144 - Mobility in Field	\$ 420	\$ 37	\$ -	\$ -	\$ (37)	\$ (37)
7000-Transport Equip	\$ 7,834	\$ 959	\$ -	\$ -	\$ (959)	\$ (959)
7001-Structures & Imp	\$ 3,400	\$ 296	\$ -	\$ -	\$ (296)	\$ (296)
7003-Office Furniture	\$ 1,200	\$ 104	\$ -	\$ -	\$ (104)	\$ (104)
7005-Stores Equip	\$ 648	\$ 56	\$ -	\$ -	\$ (56)	\$ (56)
7101-COF HVAC	\$ 10,979	\$ 955	\$ -	\$ -	\$ (955)	\$ (955)
7126-LT Campus Re-struct	\$ 5,000	\$ 435	\$ -	\$ -	\$ (435)	\$ (435)
7131-LT Campus Re-struct PHII	\$ 2,000	\$ 174	\$ -	\$ -	\$ (174)	\$ (174)
7200-Craft training	\$ 121	\$ 11	\$ 3	\$ -	\$ (8)	\$ (8)
Total				\$ 3		\$ (7,117)
1001-Gas Revenue Growth	\$ 13,545	\$ 3,846	\$ 500	\$ -	\$ (3,346)	\$ (3,346)
1050-Gas meters Growth	\$ 1,880	\$ 658	\$ 85	\$ -	\$ (573)	\$ (573)
1051-Gas regulators growth	\$ 330	\$ 52	\$ 7	\$ -	\$ (45)	\$ (45)
1053-Gas ERT growth	\$ 678	\$ 237	\$ 31	\$ -	\$ (206)	\$ (206)
3000-Gas Reinforce-minor	\$ 1,481	\$ 761	\$ -	\$ -	\$ (761)	\$ (761)
3001-Repl deteriorated system	\$ 1,000	\$ 1,000	\$ 701	\$ -	\$ (299)	\$ (299)
3002-Regulator reliability	\$ 947	\$ 387	\$ 260	\$ -	\$ (127)	\$ (127)
3003-Gas Repl-Street&Hwy	\$ 4,827	\$ 3,477	\$ 1,500	\$ -	\$ (1,977)	\$ (1,977)
3005-Gas distr. Non-revenue	\$ 6,002	\$ 3,602	\$ -	\$ -	\$ (3,602)	\$ (3,602)
3006-Overbuilt pipe repl	\$ 900	\$ 828	\$ -	\$ -	\$ (828)	\$ (828)
3007-Isolated steel	\$ 3,450	\$ 850	\$ 200	\$ -	\$ (650)	\$ (650)
3008-Aldyl-A pipe repl	\$ 18,317	\$ 6,298	\$ 5,164	\$ -	\$ (1,134)	\$ (1,134)
3203-E Medford reinforcemnt	\$ 5,000	\$ 5,000	\$ 0	\$ -	\$ (5,000)	\$ (5,000)
3303-Ladd Canyon Gate upg	\$ 1,650	\$ 1,650	\$ 93	\$ -	\$ (1,557)	\$ (1,557)
3307-Bonanza Gate move	\$ 600	\$ 600	\$ -	\$ -	\$ (600)	\$ (600)
Jackson Prairie storage	\$ 1,356	\$ 131	\$ -	\$ -	\$ (131)	\$ (131)
Total						\$ (20,836)
Distribution Capital - 2016						
1001-Gas Revenue Growth	\$ 1,720	\$ -	\$ -	\$ -	\$ (1,720)	\$ (1,720)
1050-Gas meters Growth	\$ 154	\$ -	\$ -	\$ -	\$ (154)	\$ (154)
1051-Gas regulators growth	\$ 11	\$ -	\$ -	\$ -	\$ (11)	\$ (11)
1053-Gas ERT growth	\$ 165	\$ -	\$ -	\$ -	\$ (165)	\$ (165)
Total						\$ (2,050)
TOTAL Adjustment						\$ (30,003)

[a] J. Johnson doing adjustment

Avista UG 288
Test Year Ending December 31, 2016
000's of Dollars

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Utility Plant - 101						
2277 SCADA Upgrade	\$ 1,020	\$ 89		0		\$ (89)
5005- Tech Refresh	\$ 21,379	\$ 1,860		\$ -		\$ (1,860)
5006- Tech Expansion	\$ 7,431	\$ 647		\$ -		\$ (647)
5010-Enterprise Bus. Continuity	\$ 649	\$ 56		\$ -		\$ (56)
5014-Enterprise Security Sys	\$ 5,400	\$ 470		\$ 157		\$ (313)
5106- Next Gen Radio	\$ 4,200	\$ 365		\$ -		\$ (365)
5121- Microwave 2 Fiber Repl	\$ 2,755	\$ 240		\$ -		\$ (240)
5138- Project Compass	\$ 95,386	\$ 8,300		\$ -		\$ - [a]
5143-Website redev	\$ 7,038	\$ 612		\$ -		\$ (612)
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7000-Transport Equip	\$ 7,834	\$ 959		\$ -		\$ (959)
7001-Structures & Imp	\$ 3,400	\$ 296		\$ -		\$ (296)
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1050-Gas meters Growth	\$ 1,880	\$ 658		\$ 85		\$ (573)
1051-Gas regulators growth	\$ 330	\$ 52		\$ 7		\$ (45)
1053-Gas ERT growth	\$ 678	\$ 237		\$ 31		\$ (206)
3000-Gas Reinforce-minor	\$ 1,481	\$ 761		\$ -		\$ (761)
3001-Repl deteriorated system	\$ 1,000	\$ 1,000		\$ 701		\$ (299)
3002-Regulator reliability	\$ 947	\$ 387		\$ 260		\$ (127)
3003-Gas Repl-Street&Hwy	\$ 4,827	\$ 3,477		\$ 1,500		\$ (1,977)
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3005-Gas distr. Non-revenue	\$ 6,002	\$ 3,602		\$ -		\$ (3,602)
3006-Overbuilt pipe repl	\$ 900	\$ 828		\$ -		\$ (828)
3007-Isolated steel	\$ 3,450	\$ 850		\$ 200		\$ (650)
3008-Aldyl-A pipe repl.	\$ 18,317	\$ 6,298		\$ 5,164		\$ (1,134)
3203-E Medford reinforcemnt	\$ 5,000	\$ 5,000		\$ 0		\$ (5,000)
3303-Ladd Canyon Gate upg	\$ 1,650	\$ 1,650		\$ 93		\$ (1,557)
3307-Bonanza Gate move	\$ 600	\$ 600		\$ -		\$ (600)
Jackson Prairie storage	\$ 1,356	\$ 131		\$ -		\$ (131)
Total						\$ (20,836)
Distribution Capital - 2016						
1001-Gas Revenue Growth	\$ 1,720	\$ -		\$ -		\$ (1,720)
1050-Gas meters Growth	\$ 154	\$ -		\$ -		\$ (154)
1051-Gas regulators growth	\$ 11	\$ -		\$ -		\$ (11)
1053-Gas ERT growth	\$ 165	\$ -		\$ -		\$ (165)
Total						\$ (2,050)
TOTAL Adjustment						\$ (30,003)

[a] J. Johnson doing adjustment



Capital Investment Business Case

NGD-17

Investment Name:	Jackson Prairie Storage	Assessments:	
Requested Amount	\$1,000,000	Financial:	High - Exceeds 12% CIRP
Duration/Timeframe	20+ Year Program	Strategic:	Reliability & Capacity
Dept., Area:	Natural Gas Resources	Operational:	Operations require execution to perform at current levels
Owner:	Steve Harper	Business Risk:	ERM Reduction >15
Sponsor:	Jason Thackston	Program Risk:	High certainly around cost, schedule and resources
Category:	Program	Assessment Score:	116
Mandate/Reg. Reference:	n/a	Annual Cost Summary - Increase/(Decrease)	

Recommend Program Description:	Performance	Capital Cost	O&M Cost	Other Costs	Business Risk Score
Jackson Prairie (JP) Underground Storage Facility stores natural gas. Avista owns this facility as a 1/3 partner with Puget Sound Energy and Williams' Northwest Pipeline. Puget Sound Energy is the managing partner for the facility which is located in Chehalis, WA. The requested capital represents Avista's 1/3 share of the capital needed to maintain the existing facility and maintain equal ownership status. The purpose of the facility is to allow Avista to serve customers on a peak day, and to purchase natural gas at potentially lower costs during off-peak periods and store that gas for use during high cost periods.	describe any incremental changes that this Program would benefit present operations	\$ 1,000,000	\$ -	\$ -	2

Alternatives:	Performance	Capital Cost	O&M Cost	Other Costs	Business Risk Score
Status Quo : Not recommended-- Not to fund Avista's 1/3 capital obligation. Failure by Avista to fund its 1/3 capital obligation would dilute Avista's ownership percentage. Voting rights would be diminished and therefore decisions made by other partners would not be in the best interest of Avista or its customers.	n/a		\$ -	\$ -	20
Alternative 1: Brief name of alternative (if applicable) Recommended -- Support Avista's 1/3 capital obligation. Estimated to be approximately \$1,000,000 per year looking forward. Cost is estimated to be \$539,000 in 2014. Capital needs vary year-to-year, but relate to well, compression, pipe, separator/dehydration, metering and control facilities.	describe any incremental changes in operations	\$ 1,000,000	\$ -	\$ -	2
Alternative 2: Brief name of alternative (if applicable) Not recommended-- Fund a lesser amount than Avista's 1/3 capital obligation. Voting rights would be diminished and therefore decisions made by other partners would not be in the best interest of Avista or its customers.	describe any incremental changes in operations	\$ -	\$ -	\$ -	2
Alternative 3 Name : Brief name of alternative (if applicable) Describe other options that were considered	describe any incremental changes in operations	\$ -	\$ -	\$ -	0

Program Cash Flows					Associated Ers (list all applicable):				
2012-2016					ER 7201				
	Capital Cost	O&M Cost	Other Costs	Approved					
Previous		\$ -	\$ -	\$ -					
2012	\$ 630,000	\$ -	\$ -	\$ 630,000					
2013	\$ 550,000	\$ -	\$ -	\$ 550,000					
2014	\$ 539,000	\$ -	\$ -	\$ 539,000					
2015	\$ 1,000,000	\$ -	\$ -	\$ 1,356,300					
2016	\$ 1,000,000	\$ -	\$ -	\$ 1,175,000					
2017	\$ 1,000,000	\$ -	\$ -	\$ 1,117,000					
2018	\$ 1,000,000	\$ -	\$ -	\$ 1,210,000					
2019	\$ -	\$ -	\$ -	\$ 1,085,000					
Future	\$1,000,000/year	\$ -	\$ -	\$ -					
Total	\$ 5,719,000	\$ -	\$ -	\$ 7,662,300					

Mandate Excerpt (if applicable):
provide brief citation of the law or regulation and a reference number if possible

Additional Justifications:
While not a mandated project by definition, this Program is not one that can easily be terminated. The use of JP is documented and acknowledged as part of Avista's Integrated Resource Plan.

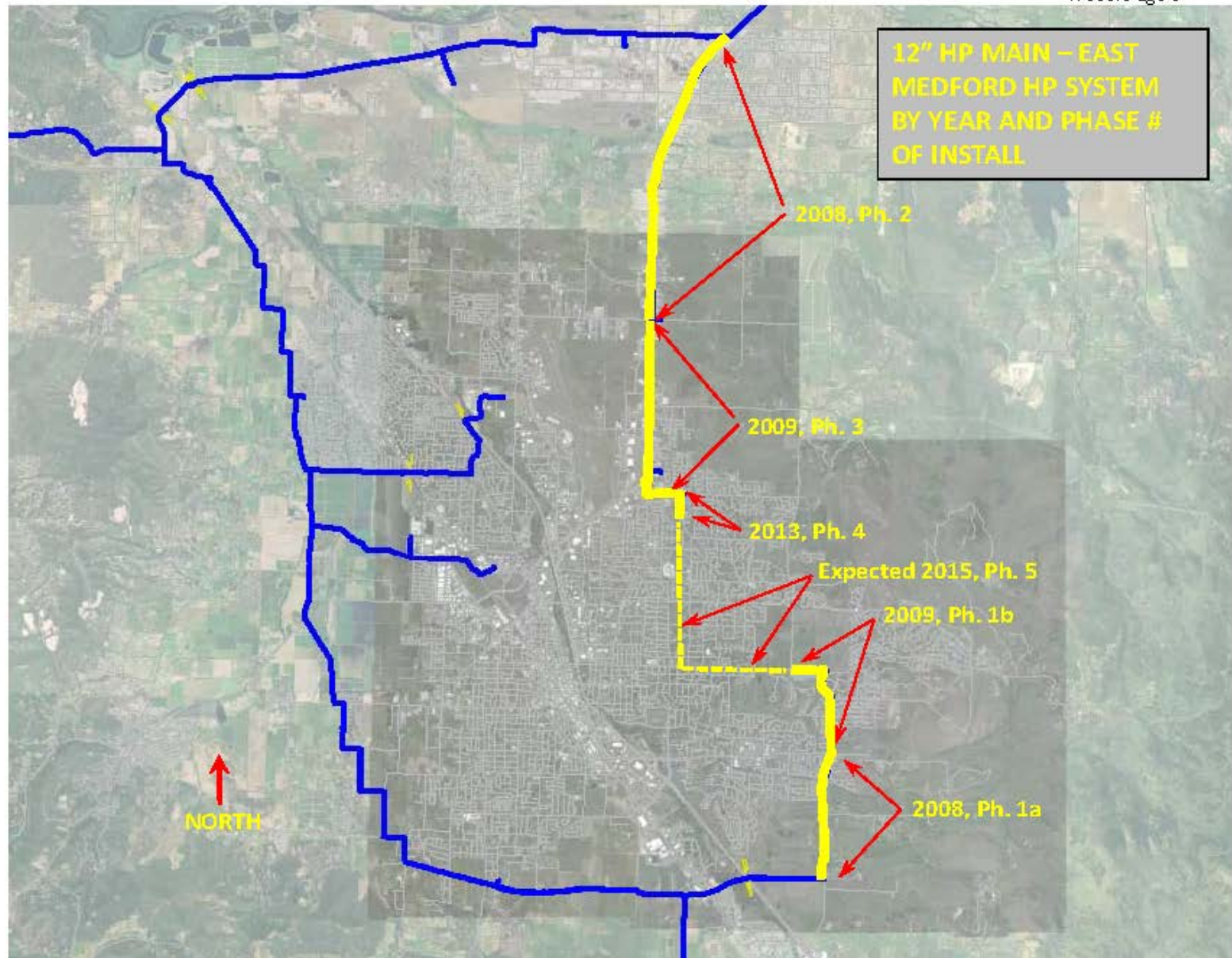
Resources Requirements: (request forms and approvals attached)

Internal Labor Availability: Low Probability Medium Probability High Probability
 Contract Labor: YES NO
 Enterprise Tech: YES - attach form NO or Not Required
 Facilities: YES - attach form NO or Not Required
 Capital Tools: YES - attach form NO or Not Required
 Fleet: YES - attach form NO or Not Required

Check the appropriate box. The Internal and contract labor boxes should be checked to indicate if the resource owners have been contacted and to provide a general sense of how likely staff will be provided (this does not require a firm commitment).

Key Performance Indicator(s)	
Expected Performance Improvements	
KPI Measure:	Avoided gas costs through use of JP storage
Fill in the name of the KPI here	
JP WA/ID Avoided Winter Cost	

Prepared signature _____



REDACTED

Content

Avista/1503/Webb/Page 1

REDACTED

Content

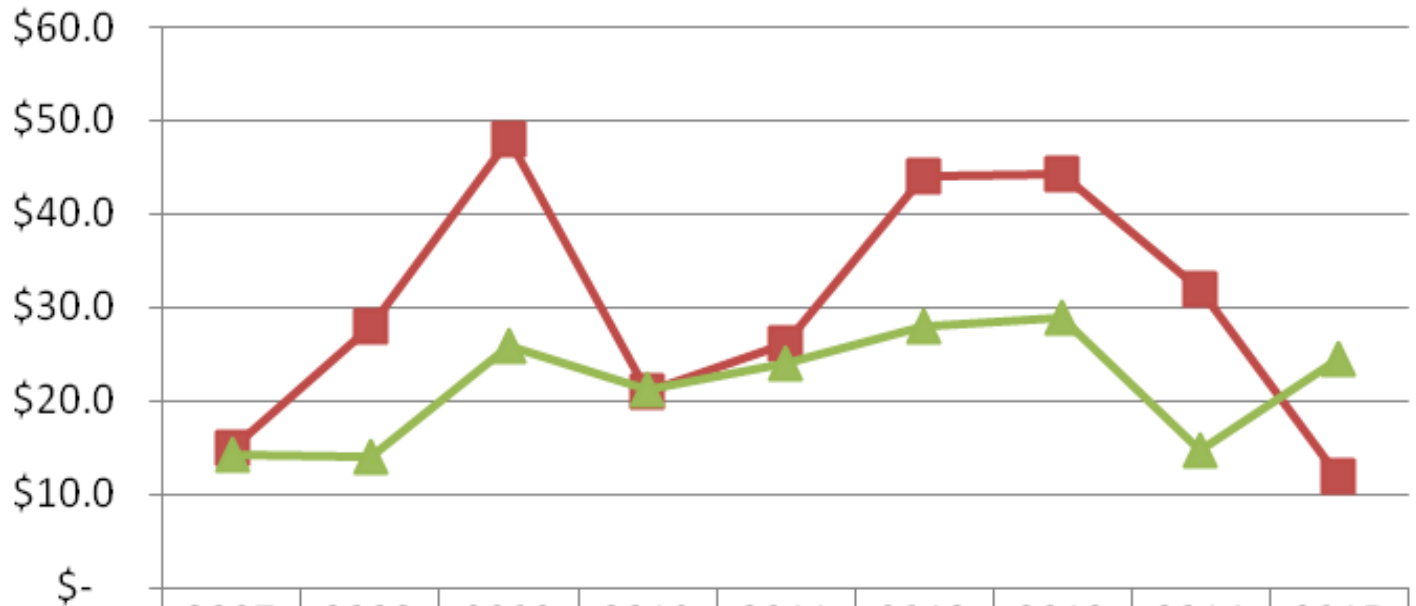
Avista/1504/Webb/Page 1

Actual vs Expected Investment Returns



Source: AVISTA/1100, Thies/15

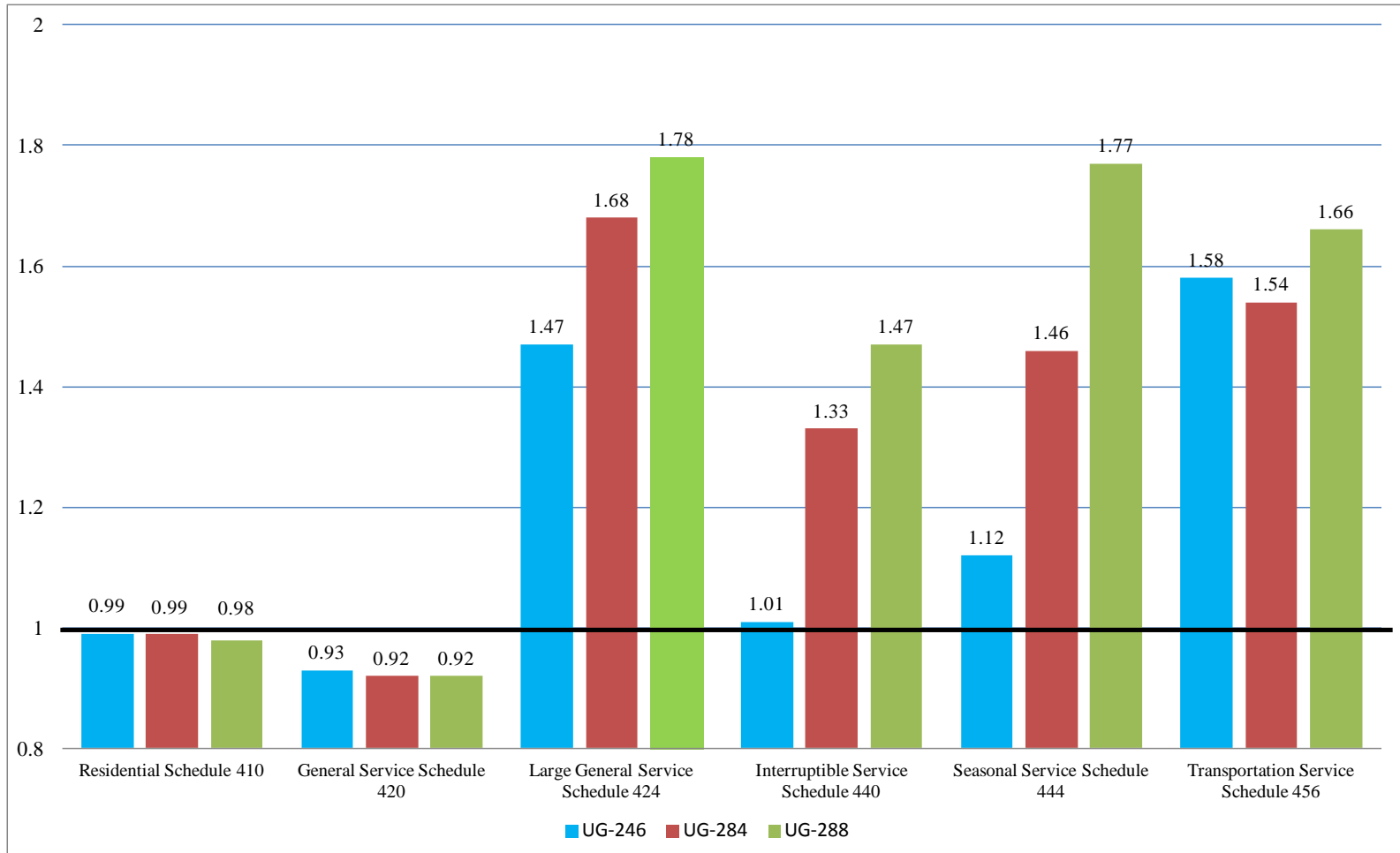
Pension Cost and Plan Contributions



	2007	2008	2009	2010	2011	2012	2013	2014	2015
—■— Contribution	\$15.0	\$28.0	\$48.0	\$21.0	\$26.0	\$44.0	\$44.3	\$32.0	\$12.0
—▲— FAS87 Cost	\$14.3	\$13.9	\$25.8	\$21.3	\$23.9	\$28.1	\$28.8	\$14.6	\$24.4

Source: AVISTA/1100, Thies/14

Illustration No. 1: Margin-to-Cost Ratios from Avista's Last Three General Rate Cases



Source: AVISTA/1800, Miller/4, lines 10-23

Table No. 1: Long Run Incremental Cost Study Results of the Parties

<u>Customer Class</u>	<u>Rate Schedule</u>	<u>Avista</u>	<u>Staff</u>	<u>NWIGU</u>	<u>Staff/NWIGU</u>
Residential	410	0.98	0.98	0.98	0.97
General Service	420	0.92	0.96	0.91	0.95
Large General Service	424	1.78	1.56	2.04	1.79
Interruptible Service	440	1.47	1.31	1.68	1.51
Seasonal Service	444	1.77	1.68	2.32	2.31
Special Contract	447	0.91	0.77	1.64	1.42
Transportation	456	<u>1.66</u>	<u>1.41</u>	<u>1.87</u>	<u>1.59</u>
Total		1.00	1.00	1.00	1.00

Source: AVISTA/1800, Miller/6, lines 1-7

Table No. 3: Summary of Capital Transfers to Plant Included in this Docket:

<u>Plant Category</u>	Investment (<u>'000's</u>)	Percent <u>of Total</u>
Distribution Growth Plant	\$ 6,843	14%
Distribution Plant *	25,452	53%
General Plant/IT	7,712	16%
<u>Compass</u>	<u>8,300</u>	<u>17%</u>
Total	48,307	100%

* Distribution Plant includes reinforcements, safety, pipe replacement, mandated work and storage

Forecasted Customer Growth Summary (2014 – 2016)

<u>Customer Class</u>	<u>Rate Schedule</u>	<u>Customer Growth</u>	<u>Percent of Total</u>
Residential	410	1488	93.4%
General Service	420	102	6.4%
Large General Service	424	3	0.2%
Interruptible Service	440	0	0.0%
Seasonal Service	444	0	0.0%
Special Contract	447	0	0.0%
Transportation	456	<u>0</u>	<u>0.0%</u>
Total		1593	100.0%

Source: AVISTA/1800, Miller/10, line 19 – Miller/11, line 3

Present and Proposed Margin-to-Cost

	<u>Margin-to-Cost at Present Rates</u>	<u>Margin-to-Cost at Proposed Rates</u>
Residential Schedule 410	0.98	0.99
General Service Schedule 420	0.92	0.96
Large General Service Schedule 424	1.78	1.43
Interruptible Service Schedule 440	1.47	1.26
Seasonal Service Schedule 444	1.77	1.41
Transportation Service Schedule 456	1.66	1.33
Overall	1.00	1.00

Table No. 3: Margin-to-Cost Ratios from Avista’s Last Three General Rate Cases

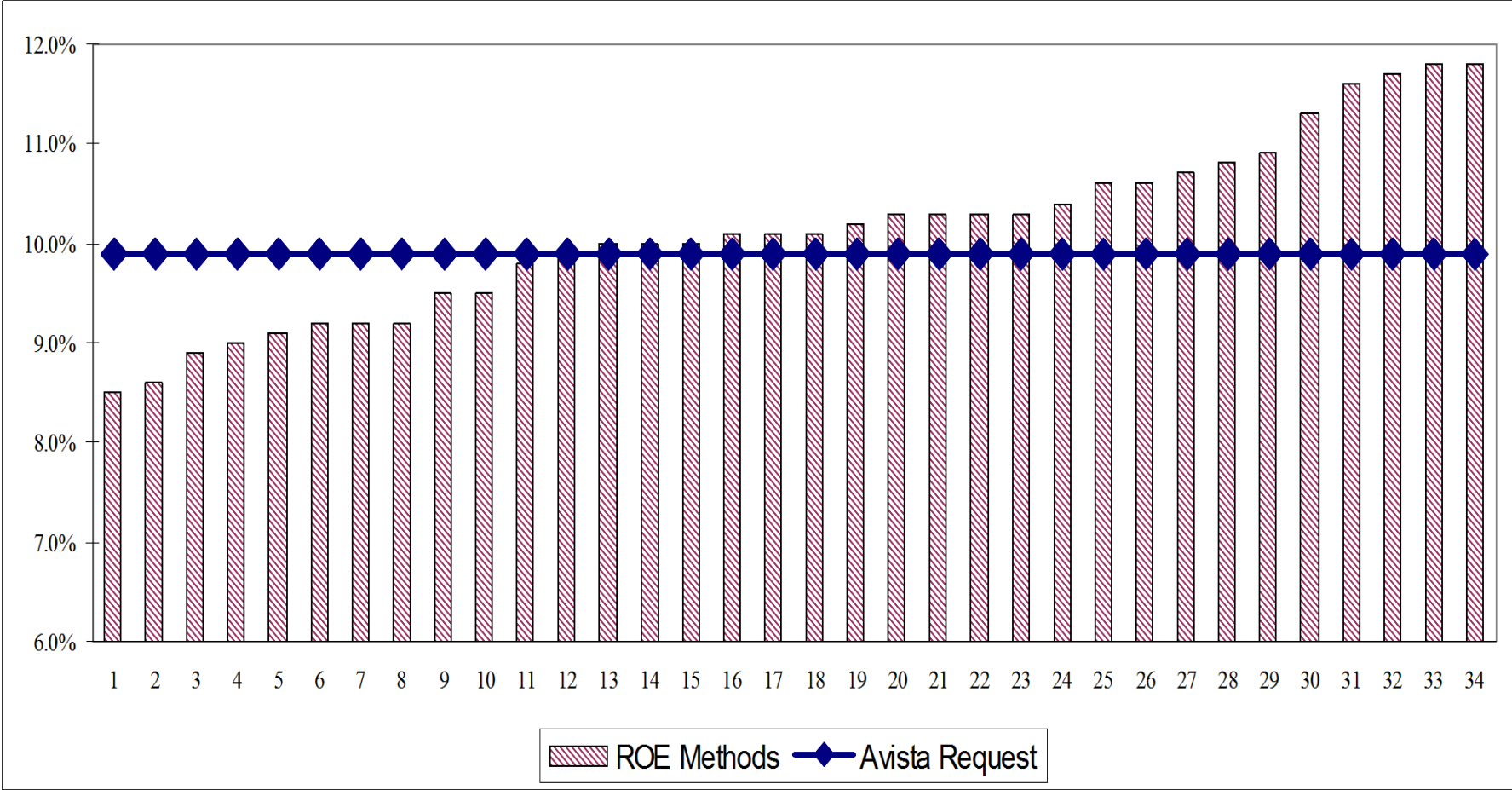
Rate Schedule	UG-246	UG-284	UG-288
	<u>Margin-to-Cost</u>	<u>Margin-to-Cost</u>	<u>Margin-to-Cost</u>
Residential Schedule 410	0.99	0.99	0.98
General Service Schedule 420	0.93	0.92	0.92
Large General Service Schedule 424	1.47	1.68	1.78
Interruptible Service Schedule 440	1.01	1.33	1.47
Seasonal Service Schedule 444	1.12	1.46	1.77
Transportation Service Schedule 456	1.58	1.54	1.66

Source: AVISTA/1900, Ehrbar/2, lines 14-19

Rate Schedule	Reply Revenue Request	Revenue % Change (Margin)	Revenue % Change (Revenue)
Residential Schedule 410	\$4,697	13.7%	7.2%
General Service Schedule 420	\$2,312	17.1%	7.6%
Large General Service Schedule 424	(\$46)	-7.0%	-1.3%
Interruptible Service Schedule 440	\$0	0.0%	0.0%
Seasonal Service Schedule 444	(\$3)	-7.0%	-1.5%
Transportation Service Schedule 456	(\$219)	-7.0%	-6.9%
Overall	\$6,741	12.9%	6.4%

Source: AVISTA/1900, Ehrbar/14, lines 15-20

RESULTS OF ANALYSES VS. AVISTA REQUEST



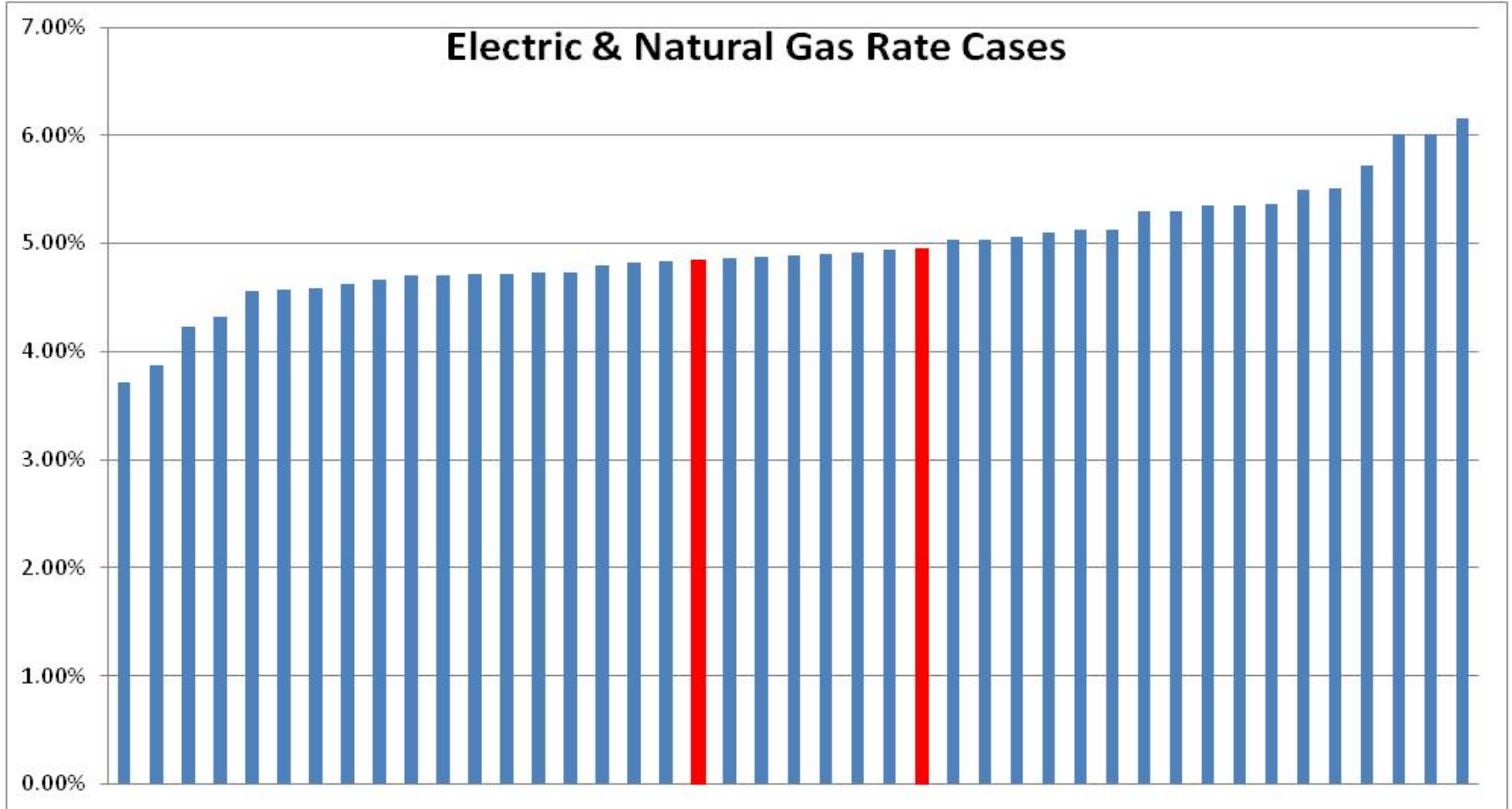
Source: AVISTA/300, McKenzie/6

TABLE 1

AUTHORIZED ROE - GAS UTILITIES

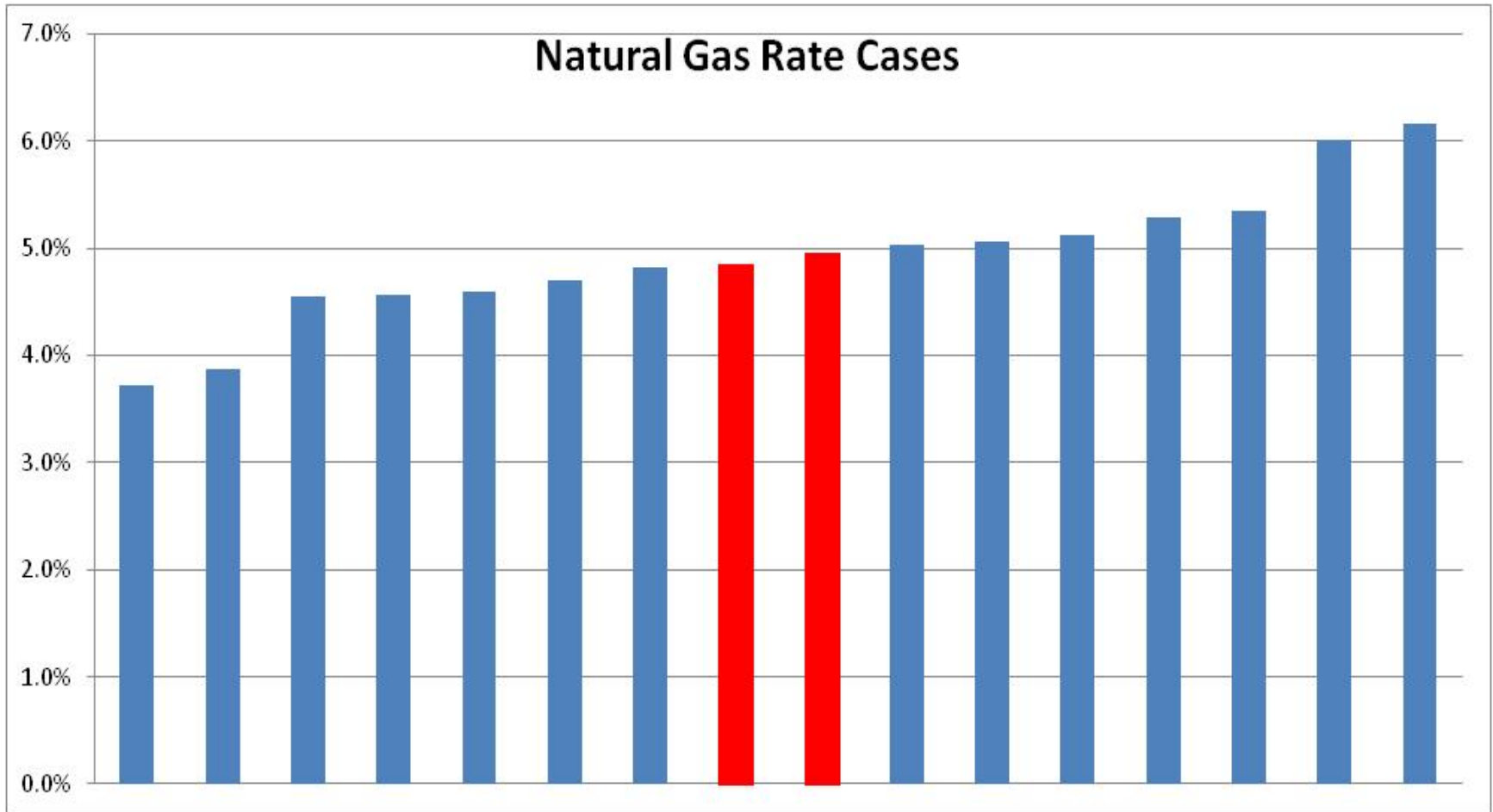
Q4 - 2014	10.28%
Q1 - 2015	9.47%
Q2 - 2015	9.43%
Q3 - 2015	<u>9.75%</u>
Average	9.73%

Weighted Cost of Equity: Electric and Natural Gas Rate Cases



Source: AVISTA/200, Thies/23

Weighted Cost of Equity: Natural Gas Rate Cases



Source: AVISTA/200, Thies/23

Oregon-Jurisdictional Utilities			Value Line		
	Issuer Ratings		Safety	Financial	
	S&P	Moody's	Rank	Strength	Beta
Northwest Natural Gas	A+	A3	1	A	0.70
Pacificorp	A-	A3	NMF	NMF	NMF
Portland General Electric	BBB	A3	2	B++	0.80
Average	A-	A3	2	B++	0.75
Avista Corp	BBB	Baa1	3	A	0.80

Source: AVISTA/1201, Schedule AMM-19

Oregon Jurisdictional Utilities

Company	Case Identification	Date of Approval	Cost of Equity	Common Equity Ratio
Avista Corp - Proposed	D-UG-288	Pending	9.90%	50.00%
Cascade - Filed Settlement	D-UG-287	Pending	9.55%	51.00%
Portland General Electric	D-UE-294	11/3/2015	9.60%	50.00%
Portland General Electric	D-UE-283	12/4/2014	9.68%	50.00%
PacifiCorp	D-UE-263	12/18/2013	9.80%	52.10%

Source: Post Hearing Brief, p. 53

Avista Corp
Actual Transfers to Plant: 2010-2014 (General Plant Capital Projects)
Staff DR 188 Attachment C

System Balances

Sum of Current Activity Cost SUM Erval	Jurisdiction	Asset Service	Year					Grand Total	OR Allocation %	OR Allocated Balance					
			2010	2011	2012	2013	2014			2010	2011	2012	2013	2014	
2277	AA	CD			1,067,211		12	485,690	1,552,913	8.702%	-	-	92,869	1	42,265
		GD						189,753	189,753	30.918%	-	-	-	-	58,668
5005	AA	CD	6,245,256	8,906,528	7,252,015	10,829,014	12,157,847	45,390,661	8.702%	543,462	775,046	631,070	942,341	1,057,976	
		GD						36,441	36,441	30.918%	-	-	-	-	11,267
5006	AA	CD	2,263,886	5,567,590	5,878,977	5,473,024	4,459,561	23,643,038	8.702%	197,003	484,492	511,589	476,263	388,071	
		GD			336,971			336,971	30.918%	-	-	104,185	-	-	
5010	AA	CD	39,891	153,347	539,440	259,795	266,087	1,258,559	8.702%	3,471	13,344	46,942	22,607	23,155	
		GD					10,478	10,478	30.918%	-	-	-	-	3,240	
5014	AA	CD				2,002,533	869,234	2,871,767	8.702%	-	-	-	174,260	75,641	
	OR	GD			32,487	25,496		57,983	100.000%	-	-	32,487	25,496	-	
5106	AA	CD	108,225	62	7,465,012	3,344,494	11,483,620	22,401,412	8.702%	9,418	5	649,605	291,038	999,305	
5138	AA	CD					10,390,158	138,886	8.702%	-	-	-	904,152	12,086	
		GD						123,107	30.918%	-	-	-	-	38,062	
5143	AA	CD				48,281	301,867	350,148	8.702%	-	-	-	4,201	26,268	
5144	AA	CD					319,525	319,525	8.702%	-	-	-	-	27,805	
		GD					262,027	262,027	30.918%	-	-	-	-	81,014	
7000	AA	CD	15,093	33,690			37,057	85,840	8.702%	1,313	2,932	-	-	3,225	
	OR	GD	176,304	480,871	109,246	530,175	0	1,296,596	100.000%	176,304	480,871	109,246	530,175	0	
7001	AA	CD	2,183,983	2,876,313	3,017,087	659,195	2,238,406	10,974,984	8.702%	190,050	250,297	262,547	57,363	194,786	
	OR	CD					(483,555)	(483,555)	100.000%	-	-	-	-	(483,555)	
		GD	154,132		94,354	139,763	172,288	560,536	100.000%	154,132	-	94,354	139,763	172,288	
7003	AA	CD	434,858	488,437	549,006	788,838	92,159	2,353,298	8.702%	37,841	42,504	47,775	68,645	8,020	
7006	AA	CD	1,524,316	1,165,627	1,722,726	329,327	524,187	5,266,183	8.702%	132,646	101,433	149,912	28,658	45,615	
		GD	100,778	25,733	212,034	49,758	898,575	1,286,879	30.918%	31,159	7,956	65,557	15,384	277,821	
	OR	GD			34,048			34,048	100.000%	-	-	34,048	-	-	
7101	AA	CD	5,080,239	5,169,309	3,861,466	6,411,556	4,947,204	25,469,774	8.702%	442,082	449,833	336,025	557,934	430,506	
7126	AA	CD			54,062	10,111,250	982,481	11,147,792	8.702%	-	-	4,704	879,881	85,495	
7200	AA	CD		105,165	12,664		36,949	154,778	8.702%	-	9,151	1,102	-	3,215	
Grand Total			18,326,961	24,972,673	32,238,806	51,392,669	40,549,874	167,480,983		1,918,883	2,617,865	3,174,015	5,118,162	3,582,237	

Avista Corp
Budgeted Transfers to Plant: 2010-2014 (Gas Distribution Capital Projects)
Staff DR 189 Attachment C

Sum of Current Activity Cost SUN Year		OR Allocation % ^(K)										OR Allocated Balance						
Erval	Asset Serv Jurisdiction	2010	2011	2012	2013	2014	Grand Total	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014	Total
1001	GD AA	15,000,001	12,053,001	12,863,814	9,672,698	10,601,277	60,190,791	30.118%	29.425%	28.669%	32.935%	31.268%	4,517,700	3,546,596	3,687,927	3,185,703	3,314,807	18,252,733
1050	GD AA	1,500,000	1,525,000	1,826,903	1,709,468	1,768,579	8,329,950	30.118%	29.425%	28.669%	32.935%	31.268%	451,770	448,731	523,755	563,013	552,999	2,540,269
1051	GD AA	650,000	160,000	242,102	296,322	305,825	1,654,249	30.118%	29.425%	28.669%	32.935%	31.268%	195,767	47,080	69,408	97,594	95,625	505,474
1053	GD AA	500,000	500,000	500,812	605,863	627,280	2,733,955	30.118%	29.425%	28.669%	32.935%	31.268%	150,590	147,125	143,578	199,541	196,138	836,972
3000	GD AA	472,501	470,000	799,999	350,000	1,000,000	3,092,500	30.118%	29.425%	28.669%	32.935%	31.268%	142,308	138,298	229,352	115,273	312,680	937,910
3001	GD AA	1,049,999	1,052,002	800,001	600,002	800,001	4,302,005	30.118%	29.425%	28.669%	32.935%	31.268%	316,239	309,552	229,352	197,611	250,144	1,302,898
3002	GD AA	420,001	500,001	399,999	400,000	600,000	2,320,001	30.118%	29.425%	28.669%	32.935%	31.268%	126,496	147,125	114,676	131,740	187,608	707,645
3003	GD AA	1,260,003	1,850,001	2,199,999	2,000,000	4,500,000	11,810,003	30.118%	29.425%	28.669%	32.935%	31.268%	379,488	544,363	630,718	658,700	1,407,060	3,620,328
3004	GD AA	472,500	500,000	500,001	500,001	800,000	2,772,502	30.118%	29.425%	28.669%	32.935%	31.268%	142,308	147,125	143,345	164,675	250,144	847,597
3005	GD AA	3,360,002	2,900,002	3,822,998	3,949,690	5,600,000	19,632,692	30.118%	29.425%	28.669%	32.935%	31.268%	1,011,965	853,326	1,096,015	1,300,830	1,751,008	6,013,145
3006	GD AA	440,000	440,000	499,999	900,000	900,000	3,179,999	30.118%	29.425%	28.669%	32.935%	31.268%	132,519	129,470	143,345	296,415	281,412	983,161
3007	GD AA			1,095,000	2,348,333	2,598,333	6,041,666	30.118%	29.425%	28.669%	32.935%	31.268%	-	-	313,926	773,423	812,447	1,899,796
3008	GD AA			5,000,000	8,250,000	16,452,196	29,702,196	30.118%	29.425%	28.669%	32.935%	31.268%	-	-	1,433,450	2,717,138	5,144,273	9,294,860
3055	GD AA					1,000,000	1,000,000	30.118%	29.425%	28.669%	32.935%	31.268%	-	-	-	-	312,680	312,680
3117	GD AN	217,860	360,000	370,800	511,010	400,000	1,859,670	30.118%	29.425%	28.669%	32.935%	31.268%	65,615	105,930	106,305	168,301	125,072	571,223
3203	GD OR	597,355		550,056	-		1,147,411	100%	100%	100%	100%	100%	597,355	-	550,056	-	-	1,147,411
7201	GD AA		580,666	630,000	1,000,000	500,000	2,710,666	30.118%	29.425%	28.669%	32.935%	31.268%	-	170,861	180,615	329,350	156,340	837,166
	AN	429,000					429,000	0.000%	0.000%	0.000%	0.000%	0.000%	-	-	-	-	-	-
Grand Total		26,369,222	22,890,673	32,102,483	33,093,387	48,453,491	162,909,256						8,230,120	6,735,581	9,595,821	10,899,307	15,150,438	50,611,266

Oregon Jurisdictional Capital Structure										
	Actual					Projected				
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt	1,139,100	1,224,100	1,293,000	1,333,000	1,393,000	1,486,000	1,563,000	1,678,000	1,775,500	1,885,500
Common Equity	1,125,784	1,185,701	1,259,427	1,296,888	1,487,170	1,448,111	1,572,258	1,667,320	1,769,283	1,841,787
OR Equity Percent	49.7%	49.2%	49.3%	49.3%	51.6%	49.4%	50.1%	49.8%	49.9%	49.4%
OR Debt Percent	50.3%	50.8%	50.7%	50.7%	48.4%	50.6%	49.9%	50.2%	50.1%	50.6%
Projected based on JUN6A forecast										

Source: Exhibit No. NWIGU-CUB/200

ROE ANALYSES

Avista/301, Schedule AMM-1

Page 2 of 2

CHECKS OF REASONABLENESS

	<u>Gas Group</u>		<u>Combination Group</u>	
	<u>Average</u>	<u>Midpoint</u>	<u>Average</u>	<u>Midpoint</u>
<u>CAPM - Current Bond Yield</u>				
Unadjusted	9.7%	9.6%	9.2%	9.4%
Size Adjusted	11.1%	11.2%	10.0%	10.0%
<u>CAPM - Projected Bond Yield</u>				
Unadjusted	10.0%	9.9%	9.6%	9.7%
Size Adjusted	11.4%	11.5%	10.4%	10.4%
<u>Expected Earnings - Gas Group</u>	11.3%	11.9%	10.7%	11.7%
<u>Non-Utility DCF</u>				
Value Line	10.3%	10.4%		
IBES	9.6%	9.7%		
Zacks	10.2%	10.2%		

CAPITAL STRUCTURE

Avista/301, Schedule AMM-2

Page 1 of 2

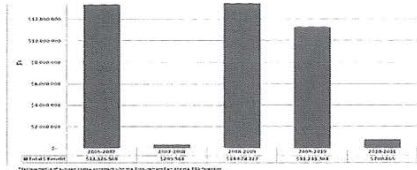
GAS GROUP

		At Fiscal Year-End 2014 (a)			Value Line Projected (b)		
<u>Company</u>		<u>Debt</u>	<u>Preferred</u>	<u>Common Equity</u>	<u>Debt</u>	<u>Other</u>	<u>Common Equity</u>
1	AGL Resources	49.8%	0.0%	50.2%	44.5%	0.0%	55.5%
2	Atmos Energy Corp.	44.3%	0.0%	55.7%	45.0%	0.0%	55.0%
3	Laclede Group	55.1%	0.0%	44.9%	51.0%	0.0%	49.0%
4	New Jersey Resources	39.6%	0.0%	60.4%	27.5%	0.0%	72.5%
5	NiSource, Inc.	57.7%	0.0%	42.3%	56.0%	0.0%	44.0%
6	Northwest Natural Gas	46.3%	0.0%	53.7%	45.5%	1.0%	53.5%
7	Piedmont Natural Gas	52.1%	0.0%	47.9%	43.0%	0.5%	56.5%
8	South Jersey Industries	52.0%	0.0%	48.0%	49.0%	0.0%	51.0%
9	Southwest Gas Corp.	52.7%	0.0%	47.3%	49.5%	0.0%	50.5%
10	WGL Holdings, Inc.	35.4%	1.4%	63.2%	27.0%	1.5%	71.5%
	Average	48.5%	0.1%	51.4%	43.8%	0.3%	55.9%

(a) Company Form 10-K and Annual Reports.

(b) The Value Line Investment Survey (Mar. 6, 2015).

UG 288 Staff Hamada Adjustments																				
#	Abbreviated Utility	UG 246 AVA	UG 246 Staff	Ticker	Yahoo Finance \$ Stock Closing Price 1st Trading Day of Month			3-Day Avg \$ Stock Price	Div Yield at Recent Price	VL 2015 Return on Common Equity	VL 2015 Cap Structure		VL Beta	2015 VL Tax Rate	Hamada Unlevered Beta	Relevered Beta Equity at 50.0%	Equity Risk Premium	Hamada Adjustment Equity At 51.00%	#	
					April 4/1/2015	May 5/1/2015	June 6/1/2015				% Long Term Debt	% Common Equity								
1	AGL	Yes	Sensitivity	GAS	50.27	50.37	50.36	50.33	3.9%	9.0%	48.0	52.0	0.80	37.5%	0.51	0.82	4.20%	0.10%	1	1
2	Atmos	Yes	No	ATO	54.00	54.02	54.09	54.04	2.8%	9.5%	44.5	55.5	0.85	39.5%	0.57	0.92	4.20%	0.29%	2	2
3	Laclede	Yes	No	LG	51.93	53.51	53.83	53.09	3.3%	8.5%	54.0	46.0	0.70	29.0%	0.38	0.65	4.20%	-0.20%	3	3
4	New Jersey	Yes	No	NJR	30.51	30.07	29.97	30.18	2.8%	12.5%	32.5	67.5	0.80	35.0%	0.61	1.01	4.20%	0.86%	4	4
5	NISource	Yes	No	NI	43.42	47.18	47.06	45.89	2.2%	8.5%	56.0	44.0	0.85	37.0%	0.47	0.77	4.20%	-0.34%	5	5
6	Northwest Natural	Yes	Yes	NWN	46.70	44.70	44.52	45.31	4.1%	6.5%	44.5	55.5	0.70	40.0%	0.47	0.76	4.20%	0.24%	6	6
7	Piedmont	Yes	Yes	PNY	37.44	37.29	37.37	31.89	4.0%	11.0%	48.0	52.0	0.80	25.0%	0.47	0.83	4.20%	0.11%	7	7
8	South Jersey	Yes	No	SJI	25.52	25.54	25.48	25.51	3.8%	8.5%	47.0	53.0	0.85	25.0%	0.51	0.89	4.20%	0.18%	8	8
9	Southwest Gas	Yes	No	SWX	55.00	54.56	55.21	54.92	2.6%	9.5%	49.0	51.0	0.85	35.0%	0.52	0.86	4.20%	0.06%	9	9
10	WGL	Yes	No	WGL	55.01	57.54	57.70	56.75	3.1%	12.0%	32.5	66.0	0.90	39.0%	0.69	1.11	4.20%	0.90%	10	10
11	American Water	No	Sensitivity	AWK	54.52	52.87	52.85	53.41	2.3%	8.5%	53.5	46.5	0.70	39.5%	0.41	0.66	4.20%	-0.16%	11	11
12	CA Water	No	Sensitivity	CWT	23.87	23.89	24.14	23.97	2.7%	9.0%	43.0	57.0	0.75	28.5%	0.49	0.84	4.20%	0.36%	12	12
13	Middlesex Water	No	Sensitivity	MSEX	22.77	21.83	21.91	22.17	3.4%	9.0%	40.5	58.5	0.75	34.5%	0.52	0.85	4.20%	0.44%	13	13
14	York Water	No	Sensitivity	YORW	25.16	22.36	22.64	23.39	2.4%	11.5%	47.5	52.5	0.7	29.5%	0.43	0.73	4.20%	0.12%	14	14
TOTAL		10	2	SJI 2/1 Stock Split in May 2015 prices are corrected by Staff / Yahoo Finance Retrieved Dec. 28, 2015											AVA Peer Group		0.22%			
			7	Dividend Yield = (Annual Dividends per Share) / Price per Share											Staff Peer Group		0.18%			
			w Sensitivities												AGL Sensitivity		0.15%			
															Water Sensitivity		0.18%			
															AGL & Water Sensitivity		0.17%			
																Mean				



Reviewed signature _____ Director/Manager

Other Party Review signature Margie Stevens _____ Director/Manager
(if necessary)

Business Case	ERM Risk Reduction	Status Quo Raw Score	Risk on Completion Raw Score	Status Quo Risk								
				Financial Impact (Consequential Costs/Revenues)	Likelihood	Legal, Regulatory, External Business Affairs	Likelihood	Customer Service and Reliability (# customers * duration of an outage)	Likelihood			
Jackson Prairie Storage	18	20	2	5 - > \$10MM	< Once / year	3 - Could result in a sustained negative impact to local, online, or industrial relationships and / or national / global media coverage	< Once / year					
				Environmental	Likelihood	Safety and Health: Public	Likelihood	Safety and Health: Employee	Likelihood			
						1 - Potential for injury	< Once / year					
						Public health infrastructure impact up to 8 hours	< Once / year					
				Risk upon Completion								
				Financial Impact (Consequential Costs/Revenues)	Likelihood	Legal, Regulatory, External Business Affairs	Likelihood	Customer Service and Reliability (# customers * duration of an outage)	Likelihood			
1 - < \$200k	< Once / 10 years	1 - No likely impact on media or regulatory relationship	< Once / 50 years									
Environmental	Likelihood	Safety and Health: Public	Likelihood	Safety and Health: Employee	Likelihood							
		1 - Potential for injury	< Once / 50 years	Potential for injury	< Once / 50 years							
		Public health infrastructure impact up to 8 hours	< Once / 50 years									

To be completed by Capital Planning Group		Review Cycles	
Rationale for decision		2012-2016	
Date	Template		

1 The capital related to AERC and its subsidiary, AEL&P, does not impact the capital
2 structure calculation for the Avista Utilities' rate proceeding. Debt and equity for AERC,
3 which was acquired in mid-2014, are excluded from this calculation for Avista Utilities.

4 **Q. How does the Company determine the amount of long-term debt and**
5 **common equity to be included in its capital structure?**

6 A. As a regulated utility, Avista has a continuing obligation to provide safe and
7 reliable service to customers while balancing safety and economy, in both the short term and
8 long term. Through our planning process, we determine the amount of new financing
9 needed to support our capital expenditure programs while maintaining an optimal capital
10 structure that balances and supports our current credit ratings and provides flexibility for
11 anticipated future capital requirements.

12 **Q. Why is the Company proposing a 50.0 percent equity ratio?**

13 A. On December 31, 2014, Avista's common equity percentage for the Oregon
14 jurisdiction was 50.4%. The Company continues to evaluate the extent and timing of equity
15 issuances for 2015, taking into account our capital expenditures and other financial
16 requirements.

17 Maintaining a 50.0 percent common equity ratio has several benefits for customers.
18 We are dependent on raising funds in capital markets throughout all business cycles. These
19 cycles include times of contraction and expansion. A solid financial profile will assist us in
20 accessing debt capital markets on reasonable terms in both favorable financial markets and
21 when there are disruptions in the financial markets.

22 Additionally, a 50.0 percent common equity ratio solidifies our current credit ratings
23 and supports our long-term goal of moving our corporate credit rating from BBB to BBB+.

Avista Corporation

Adjusted Capital Structure

<u>Line</u>	<u>Description</u>	<u>Proposed Amount (\$000)¹</u> (1)	<u>Adjustments</u> (2)	<u>Adjusted Amount</u> (3)	<u>Weight</u> (4)
1	Total Debt	1,573,000		\$ 1,573,000	54.4%
2	Common Equity	<u>1,563,927</u>	\$ (246,367)	<u>\$ 1,317,560</u>	<u>45.6%</u>
3	Total	\$ 3,136,927		\$ 2,890,560	100.0%

Non Utility Investments²

4	Non Utility Property		\$ 5,289		
5	Less: Accum Provision for Nonutility Depr.		\$ (197)		
6	Investment In Subsidiary Companies		\$ 151,715		
7	Other Investments		<u>\$ 31,888</u>		
8	Total		\$ 188,695		
9	Goodwill		\$ 57,672		
10	Total Adjustments		\$ 246,367		

Sources:

¹ Exhibit/201, Thies/Page 2.

² June 30, 2015 FERC Form 3-Q, Page 110 and 10K.