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Alaska Electric Light and Power Company

Revenue Requirement Study

Tariff Advice No. 453-1
Alaska Electric Light and Power Company
Revenue Requirement Study
Test Year Ending December 31, 2015

SCHEDULE 1
3 AAC 48.275(a)(1)

COMPARATIVE BALANCE SHEET

Line No.	Description	12/31/2015	12/31/2014
1	ASSETS:		
2			
3	PROPERTY PLANT AND EQUIPMENT		
4	HYDRAULIC PLANT	\$85,176,476	\$84,988,705
5	INTERNAL COMBUSTION PLANT	22,881,706	22,745,774
6	DISTRIBUTION/TRANSMISSION PLANT	79,592,717	78,099,675
7	GENERAL PLANT	17,288,283	17,310,833
8	FRANCHISES	3,830,023	3,830,023
9	GROSS PLANT	208,769,205	206,975,010
10			
11	LESS: ACCUMULATED DEPRECIATION - UTILITY Plant	95,749,296	91,648,803
12	NET PLANT	113,019,909	115,326,207
13			
14	NON-UTILITY PROPERTY	232,326	233,943
15	ELECTRIC PLANT HELD FOR FUTURE USE	3,000,805	3,711,490
16	OTHER INVESTMENTS	339,884	323,168
17	CONSTRUCTION WORK IN PROGRESS	10,686,708	897,221
18		127,279,632	120,492,030
19			
20	CAPITALIZED PURCHASE POWER COMMITMENT, NET (65,545,383	69,186,793
21			
22	SPECIAL FUNDS	0	0
23			
24	CURRENT ASSETS:		
25	CASH	3,786,212	3,744,589
26	ACCOUNTS RECEIVABLE - ELECTRIC	4,709,404	4,880,958
27	ACCOUNTS RECEIVABLE - OTHER	1,269,604	1,664,561
28	INCOME TAX RECEIVABLE	0	0
29	MATERIALS AND SUPPLIES	2,131,352	2,204,485
30	PREPAYMENTS	400,454	465,239
31	OTHER	137,058	137,026
32	TOTAL CURRENT ASSETS	12,434,084	13,096,858
33			
34	GOODWILL	52,425,863	52,729,409
35			
36	DEFERRED CHARGES	5,801,156	7,101,786
37			
38	TOTAL ASSETS	\$263,486,118	\$262,606,876

COMPARATIVE BALANCE SHEET

Line No.	Description	12/31/2015	12/31/2014
1	LIABILITIES AND CAPITAL:		
2			
3	CAPITAL AND RETAINED EARNINGS		
4	CAPITAL STOCK	\$8,367,272	\$8,367,272
2	CONTRIBUTED CAPITAL	89,222,639	90,691,855
3	RETAINED EARNINGS	6,757,424	1,152,292
4		<u>104,347,335</u>	<u>100,211,419</u>
5			
3	LONG TERM DEBT	75,000,000	75,000,000
4	LESS: DUE WITHIN ONE YEAR	0	0
5	NET LONG TERM DEBT	<u>75,000,000</u>	<u>75,000,000</u>
6			
4	LONG TERM CAPITAL LEASE OBLIGATION	64,455,000	69,955,000
5	LESS: AMOUNT DUE WITHIN ONE YEAR	2,295,000	2,230,000
6	NET SNETTISHAM OBLIGATION	<u>62,160,000</u>	<u>67,725,000</u>
7			
5	CURRENT LIABILITIES:		
6	NOTES AND BONDS DUE WITHIN ONE YR.	0	0
7	PURCHASE POWER OBLIGATION DUE WITHIN	2,295,000	2,230,000
8	ACCOUNTS PAYABLE AND ACCRUED EXP.	3,049,073	2,856,030
6	CUSTOMER DEPOSITS	505,299	543,880
7	TOTAL CURRENT LIABILITIES:	<u>5,849,372</u>	<u>5,629,910</u>
8			
9	DEFERRED CREDITS AND TAXES	16,129,411	14,040,547
7			
8	TOTAL LIABILITIES AND CAPITAL	<u>\$263,486,118</u>	<u>\$262,606,876</u>

COMPARATIVE STATEMENT OF INCOME AND OPERATING EXPENSES

Line No.	Description	12/31/15	12/31/14
1	OPERATING REVENUES:		
2	ELECTRIC POWER SALES	\$42,823,779	\$45,748,228
3	COST OF POWER ADJUSTMENT	(1,501,348)	(1,416,314)
4	OTHER	497,554	526,393
5	TOTAL OPERATING REVENUES	41,819,985	44,858,307
6			
7	OPERATING EXPENSES:		
8	ELECTRIC POWER PURCHASED	10,373,725	10,589,294
9	HYDRAULIC OPERATION	1,521,762	1,564,407
10	INTERNAL COMBUSTION OPERATION	243,482	258,601
11	DISTRIBUTION AND TRANSMISSION	1,313,870	1,227,694
12	CUSTOMER RECORDS AND COLLECTIONS	1,117,642	1,169,964
13	GENERAL AND ADMINISTRATIVE	3,942,568	3,799,657
14	MAINTENANCE	3,235,285	3,439,960
15	DEPRECIATION	5,111,744	5,081,806
16	TAXES - GENERAL	887,830	884,749
17	FEDERAL AND STATE INCOME TAXES	4,108,652	5,570,175
18	TOTAL OPERATING EXPENSES	31,856,560	33,586,306
19			
20	UTILITY OPERATING INCOME	9,963,425	11,272,001
21			
22	OTHER INCOME/ (EXPENSE)	169,915	159,240
23			
24	INCOME BEFORE INTEREST EXPENSE	10,133,340	11,431,241
25			
26	INTEREST EXPENSE	3,590,229	2,362,178
27	LESS: INTEREST CHARGED TO CONSTR'N	98,162	26,725
28	NET INTEREST EXPENSE	3,492,067	2,335,453
29			
30	NET INCOME	\$6,641,273	\$9,095,788

COMPARATIVE STATEMENT OF RETAINED EARNINGS

Line No.	Description	12/31/15	12/31/14
1	RETAINED EARNINGS, JANUARY 1	\$1,152,292	\$77,264,929
2	Net Income	\$6,641,273	\$9,095,788
3	Cash Dividends on Common Stock	(\$2,600,000)	(\$4,017,430)
4	Purchase Accounting Adjustments	\$1,563,859	(\$81,190,995)
5			
6	RETAINED EARNINGS, END OF YEAR	\$6,757,424	\$1,152,292

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SCHEDULE 4
3 AAC 48.275(a)(5)

SUMMARY OF EXISTING RATES COMPARED WITH PROPOSED RATES - PERMANENT RATE INCREASE

RATE	DESCRIPTON	EXISTING RATES		PROPOSED RATES		ABSOLUTE \$ CHANGE		PERCENTAGE CHANGE	
		WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER
10	Residential								
	Customer charge, \$ per month	8.88	8.88	9.60	9.60	0.72	0.72	8.11%	8.11%
	Energy charge, cents per KWH	11.94	9.82	12.91	10.62	0.97	0.80	8.12%	8.15%
10D	Residential with demand								
	Customer charge, \$ per month	11.49	11.49	12.42	12.42	0.93	0.93	8.09%	8.09%
	Energy charge, cents per KWH	5.80	5.06	6.27	5.47	0.47	0.41	8.10%	8.10%
	Demand charge, \$ per KW	11.11	6.72	12.01	7.26	0.90	0.54	8.10%	8.04%
20	Small Commercial								
	Customer charge, \$ per month	18.80	18.80	20.32	20.32	1.52	1.52	8.09%	8.09%
	Energy charge, cents per KWH	11.57	9.20	12.51	9.95	0.94	0.75	8.12%	8.15%
20D	Small Commercial with demand								
	Customer charge, \$ per month	27.16	27.16	29.36	29.36	2.20	2.20	8.10%	8.10%
	Energy charge, cents per KWH	6.65	5.89	7.19	6.37	0.54	0.48	8.12%	8.15%
	Demand charge, \$ per KW	12.73	8.52	13.76	9.21	1.03	0.69	8.09%	8.10%
24	Large Commercial								
	Customer charge, \$ per month	99.24	99.24	107.28	107.28	8.04	8.04	8.10%	8.10%
	Energy charge, cents per KWH	6.11	5.73	6.60	6.19	0.49	0.46	8.02%	8.03%
	Demand charge, \$ per KW	14.30	9.11	15.46	9.85	1.16	0.74	8.11%	8.12%
91	Off-Peak Service								
	Resid. Customer charge, \$ per month	7.83	7.83	8.46	8.46	0.63	0.63	8.05%	8.05%
	Sm. Comm. Customer charge, \$ per month	14.63	14.63	15.82	15.82	1.19	1.19	8.13%	8.13%
	Lg. Comm. Customer charge, \$ per month	26.12	26.12	28.24	28.24	2.12	2.12	8.12%	8.12%
	Energy charge, cents per KWH	7.61	7.61	8.23	8.23	0.62	0.62	8.15%	8.15%
92	Residential Heat Pump Service								
	Customer charge, \$ per month	10.97	10.97	11.86	11.86	0.89	0.89	8.11%	8.11%
	Energy charge, cents per KWH	5.12	4.64	5.53	5.02	0.41	0.38	8.01%	8.19%
	Demand charge, \$ per KW	9.91	6.05	10.71	6.54	0.80	0.49	8.07%	8.10%

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SUMMARY OF EXISTING RATES COMPARED WITH PROPOSED RATES - INTERIM RATE INCREASE

RATE	DESCRIPTION	EXISTING RATES		PROPOSED RATES		ABSOLUTE \$ CHANGE		PERCENTAGE CHANGE	
		WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER
10 Residential									
	Customer charge, \$ per month	8.88	8.88	9.22	9.22	0.34	0.34	3.83%	3.83%
	Energy charge, cents per KWH	11.94	9.82	12.40	10.20	0.46	0.38	3.85%	3.87%
10D Residential with demand									
	Customer charge, \$ per month	11.49	11.49	11.93	11.93	0.44	0.44	3.83%	3.83%
	Energy charge, cents per KWH	5.80	5.06	6.02	5.26	0.22	0.20	3.79%	3.95%
	Demand charge, \$ per KW	11.11	6.72	11.54	6.98	0.43	0.26	3.87%	3.87%
20 Small Commercial									
	Customer charge, \$ per month	18.80	18.80	19.53	19.53	0.73	0.73	3.88%	3.88%
	Energy charge, cents per KWH	11.57	9.20	12.02	9.56	0.45	0.36	3.89%	3.91%
20D Small Commercial with demand									
	Customer charge, \$ per month	27.16	27.16	28.21	28.21	1.05	1.05	3.87%	3.87%
	Energy charge, cents per KWH	6.65	5.89	6.91	6.12	0.26	0.23	3.91%	3.90%
	Demand charge, \$ per KW	12.73	8.52	13.22	8.85	0.49	0.33	3.85%	3.87%
24 Large Commercial									
	Customer charge, \$ per month	99.24	99.24	103.07	103.07	3.83	3.83	3.86%	3.86%
	Energy charge, cents per KWH	6.11	5.73	6.35	5.95	0.24	0.22	3.93%	3.84%
	Demand charge, \$ per KW	14.30	9.11	14.85	9.46	0.55	0.35	3.85%	3.84%
91 Off-Peak Service									
	Resid. Customer charge, \$ per month	7.83	7.83	8.13	8.13	0.30	0.30	3.83%	3.83%
	Sm. Comm. Customer charge, \$ per month	14.63	14.63	15.19	15.19	0.56	0.56	3.83%	3.83%
	Lg. Comm. Customer charge, \$ per month	26.12	26.12	27.13	27.13	1.01	1.01	3.87%	3.87%
	Energy charge, cents per KWH	7.61	7.61	7.90	7.90	0.29	0.29	3.81%	3.81%
92 Residential Heat Pump Service									
	Customer charge, \$ per month	10.97	10.97	11.39	11.39	0.42	0.42	3.83%	3.83%
	Energy charge, cents per KWH	5.12	4.64	5.32	4.82	0.20	0.18	3.91%	3.88%
	Demand charge, \$ per KW	9.91	6.05	10.29	6.28	0.38	0.23	3.83%	3.80%

CALCULATION OF REVENUE REQUIREMENT, DEFICIENCY AND RATE INCREASE

Line No.	DESCRIPTION	AMOUNT	SOURCE
1	Operating Expenses, Excluding Income Taxes	\$27,747,908	Sch. 6
2	Known Changes	\$621,883	Sch. 6
3	Total Operating Expenses and Known Changes	\$28,369,791	
4	Add:	\$12,279,083	
5	Return of: 9.98%		Sch. 12
6	on avg. rate base of: 123,036,902		Sch. 9
7	Income Taxes	\$6,716,059	Sch. 8
8	Total Proforma Revenue Requirement	\$47,364,933	
9			
10	Less: Other Operating Revenues	\$497,554	Sch. 6
11	Less: Proforma Test Year Firm Revenues	\$34,351,132	Sch. 6 Line 2
12	Less: Contract Hatchery Revenues	\$72,851	Report UB50801 Rate 29
13	Less: Dual Fuel Margins Retained	\$89,742	Sch. 7B Line 21 (k)
14	Less: Test Year Greens Creek Revenues Retained	\$6,653,760	Sch. 7A Line 28 (d)
15	Total Revenue Deficiency	\$5,699,894	Line 8 - Lines 10 to 14
16			
17	Less: Proposed Additional Greens Creek Revenues Retained	\$2,915,913	Sch. 7A Line 27 (e) - Line 14
18			
19	Revenue Deficiency to be Recovered through Firm Rates	\$2,783,981	Line 15 - Line 17
20			
21	Revenue Deficiency as a % of Firm Revenues (Proposed Increase to Firm Rates)	8.10%	Line 19 / Line 11
22			
23	Revenue Deficiency to be Recovered through Firm Rates	\$2,783,981	Line 19
24	Revenue Deficiency if Additional Retained GC Revenue Not Approved	\$2,915,913	Line 17
25	Total Revenue Deficiency without Permanent Relief	\$5,699,894	Line 23 + Line 24

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**OPERATING REVENUES, OPERATING
EXPENSES, AND PROFORMA ADJUSTMENTS**

Line No.	Description	Test Year 12/31/2015	COPA Adj. No. 1	Non-Firm Rev Adj. No. 2	Firm Rev. Adj. No. 3	Fuel Adj. No. 4	Prop Tax Adj. No. 5	Wage Inc. Adj. No. 6	Purch. Pwr Adj. No. 7
1	Operating Revenues:								
2	Electric Power Sales-Firm	\$34,463,660			(\$112,528)				
3	Electric Power Sales-Interruptible	\$8,360,119		\$1,372,146					
4	Cost of Power Adjustment	(\$1,501,348)	\$1,501,348						
5	Other	\$497,554							
6	Total Operating Revenues	\$41,819,985	\$1,501,348	\$1,372,146	(\$112,528)	\$0	\$0	\$0	\$0
7									
8	Operating Expenses:								
9	Operation Expenses:								
10	Electric Power Purchased	\$10,373,725						\$13,025	(\$27,066)
11	Hydraulic Operation	\$1,521,762						\$641	
12	Internal Combustion Operation	\$243,482				(\$94,819)		\$12,730	
13	Transmission	\$93,927						\$0	
14	Distribution	\$1,219,943						\$9,223	
15	Customer Records and Collection	\$1,117,642						\$9,249	
16	Administrative & General	\$3,942,568						\$21,124	
17	Total Operation Expenses	\$18,513,049	\$0	\$0		(\$94,819)	\$0	\$65,991	(\$27,066)
18									
19	Maintenance Expenses:								
20	Hydraulic	\$403,147						\$2,321	
21	Internal Combustion	\$434,224						\$2,194	
22	Transmission	\$376,264						\$2,049	
23	Distribution	\$1,535,158						\$7,362	
24	General & Admin.	\$486,493						\$1,163	
25	Total Maintenance Expenses	\$3,235,285	\$0	\$0	\$0	\$0	\$0	\$15,089	\$0
26									
27	Depreciation Expenses	\$5,111,744							
28									
29	Taxes - General	\$887,830					\$173,566		
30									
31	Total Operating Expenses,								
32	Excluding Income Taxes	\$27,747,908	\$0	\$0	\$0	(\$94,819)	\$173,566	\$81,080	(\$27,066)

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OPERATING REVENUES, OPERATING
EXPENSES, AND PROFORMA ADJUSTMENTS

Line No.	Description	Lobbying Adj. No. 8	Union Ben Adj. No. 9	FERC fees Adj. No. 10	AVA Adj. No. 11	Rate Case Adj. No. 12	Deprec. Adj. No. 13	Misc.Exp. Adj. No. 14	Total Adjustments	Normalized Amounts
1	Operating Revenues:									
2	Electric Power Sales-Firm								(\$112,528)	\$34,351,132
3	Electric Power Sales-Interruptible								\$1,372,146	\$9,732,265
4	Cost of Power Adjustment								\$1,501,348	\$0
5	Other								\$0	\$497,554
6	Total Operating Revenues	\$0	\$0	\$0	\$0	\$0		\$0	\$2,760,966	\$44,580,951
7										
8	Operating Expenses:									
9	Operation Expenses:									
10	Electric Power Purchased		\$7,757						(\$6,284)	\$10,367,441
11	Hydraulic Operation		\$382						\$1,023	\$1,522,784
12	Internal Combustion Operation		\$7,581						(\$74,508)	\$168,974
13	Transmission		\$0						\$0	\$93,927
14	Distribution		\$5,493						\$14,715	\$1,234,658
15	Customer Records and Collection		\$5,508						\$14,757	\$1,132,399
16	Administrative & General	(\$35,729)	\$12,581	\$130,411	(\$129,474)	\$147,912		(\$38,327)	\$108,498	\$4,051,065
17	Total Operation Expenses	(\$35,729)	\$39,302	\$130,411	(\$129,474)	\$147,912	\$0	(\$38,327)	\$58,201	\$18,571,250
18										
19	Maintenance Expenses:									
20	Hydraulic		\$1,382						\$3,703	\$406,850
21	Internal Combustion		\$1,307						\$3,501	\$437,725
22	Transmission		\$1,220						\$3,270	\$379,534
23	Distribution		\$4,385						\$11,746	\$1,546,904
24	General & Admin.		\$693						\$1,856	\$488,349
25	Total Maintenance Expenses	\$0	\$8,987	\$0	\$0	\$0		\$0	\$24,076	\$3,259,361
26										
27	Depreciation Expenses						\$366,040		\$366,040	\$5,477,784
28										
29	Taxes - General								\$173,566	\$1,061,396
30										
31	Total Operating Expenses,									
32	Excluding Income Taxes	(\$35,729)	\$48,289	\$130,411	(\$129,474)	\$147,912	\$366,040	(\$38,327)	\$621,883	\$28,369,791

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Test Year Ending December 31, 2015

SCHEDULE 6A
3 AAC 48.275(a)(6)

SUMMARY OF OPERATING EXPENSES AND PROFORMA ADJUSTMENTS

Line No.	Description	Test Year 12/31/2015	Proforma Adjustments	Proforma Results
1	Operating Revenues:			
2	Electric Power Sales	\$42,823,779	\$1,259,618	\$44,083,397
3	Cost of Power Adjustment	(\$1,501,348)	\$1,501,348	\$0
4	Other	\$497,554	\$0	\$497,554
5	Total Operating Revenues	<u>\$41,819,985</u>	<u>\$2,760,966</u>	<u>\$44,580,951</u>
6				
7	Operating Expenses:			
8	Operation Expenses:			
9	Electric Power Purchased	\$10,373,725	(\$6,284)	\$10,367,441
10	Hydraulic Operation	\$1,521,762	\$1,023	\$1,522,784
11	Internal Combustion Operation	\$243,482	(\$74,508)	\$168,974
12	Transmission	\$93,927	\$0	\$93,927
13	Distribution	\$1,219,943	\$14,715	\$1,234,658
14	Customer Records and Collection	\$1,117,642	\$14,757	\$1,132,399
15	Administrative & General	\$3,942,568	\$108,498	\$4,051,065
16	Total Operation Expenses	<u>\$18,513,049</u>	<u>\$58,201</u>	<u>\$18,571,250</u>
17				
18	Maintenance Expenses:			
19	Hydraulic	\$403,147	\$3,703	\$406,850
20	Internal Combustion	\$434,224	\$3,501	\$437,725
21	Transmission	\$376,264	\$3,270	\$379,534
22	Distribution	\$1,535,158	\$11,746	\$1,546,904
23	General & Admin.	\$486,493	\$1,856	\$488,349
24	Total Maintenance Expenses	<u>\$3,235,285</u>	<u>\$24,076</u>	<u>\$3,259,361</u>
25				
26	Depreciation Expenses	<u>\$5,111,744</u>	<u>\$366,040</u>	<u>\$5,477,784</u>
27				
28	Taxes - General	\$887,830	\$173,566	\$1,061,396
29				
30	Total Operating Expenses,			
31	Excluding Income Taxes	<u>\$27,747,908</u>	<u>\$621,883</u>	<u>\$28,369,791</u>

STATEMENT OF KNOWN CHANGES TO OPERATING EXPENSES

<u>Known Change Number</u>	<u>Description</u>	<u>Amount</u>	<u>Expense Category</u>
4	Elimination of all fuel costs from GL 547xx (Fuel costs are recovered through COPA Revenues)	(94,819)	INTERNAL COMBUSTION OPERATIONS
5	Property Tax Change from Test Year		
	Real Property Tax	411,652	
	Personal Property Tax	486,305	
	Change in property tax expense from test year.	897,957	
		173,566	TAXES (Non Income)
6	Wage and Salary Increases:		
	Wages and Salaries - See Sch. 7C for summary and expense categories.		
	Union: Effective 4/1/2015, increase journeymen wages (excluding linemen) from \$42.88 to \$43.73		
	2015 Journeymen (Excl Linemen) Jan - March Wages	575,513	
	April 1, 2015 INCREASE	1.98%	
	TOTAL INCREASE:	11,395	
	EXPENSED PORTION	77.04%	
	EXPENSED AMOUNT	8,779	
	Union: Effective 4/1/2015, increase linemen wages from \$44.88 to \$45.73		
	2015 Linemen Jan - March Wages	199,863	
	April 1, 2015 INCREASE	1.89%	
	TOTAL INCREASE:	3,777	
	EXPENSED PORTION	77.04%	
	EXPENSED AMOUNT	2,910	
	Effect of increase in union wages resulting from the contract with the I.B.E.W. granting wage increases to Journeymen on 4/1/2016 from \$43.73 to \$44.36		
	2015 Annualized Journeymen Wages	2,303,791	
	April 1, 2016 INCREASE	1.44%	
	TOTAL INCREASE:	33,175	
	EXPENSED PORTION	77.04%	
	EXPENSED AMOUNT	25,558	
	Effect of increase in union wages resulting from the contract with the I.B.E.W. granting wage increases to Linemen on 4/1/2016 from \$45.73 to \$46.36		
	2015 Annualized Linemen Wages	986,973	
	April 1, 2016 INCREASE	1.38%	
	TOTAL INCREASE:	13,620	
	EXPENSED PORTION	77.04%	
	EXPENSED AMOUNT	10,493	
	Annualizing of test year non-union hourly wages due to COLA increase of 1% eff. 7/1/15 and merit increases averaging 1.30%. $(1/2 \times 1.0\% + 1.30\%) = 1.80\%$		
	2015 NON-UNION HOURLY WAGES	1,105,988	
	2015 ANNUALIZING INCREASE	1.80%	
	TOTAL INCREASE:	19,908	
	EXPENSED PORTION	77.04%	
	EXPENSED AMOUNT	15,337	

STATEMENT OF KNOWN CHANGES TO OPERATING EXPENSES

<u>Known Change Number</u>	<u>Description</u>	<u>Amount</u>	<u>Expense Category</u>
	Effect of increase in non-union hourly wages effective 7/1/16 equal to 75% of the most recent annual Anchorage CPI increase, estimated to be 0% and merit increases averaging 1.30%. $(75\% \times 0\% + 1.30\%) = 1.30\%$		
	2015 NON-UNION HOURLY WAGES	1,125,896	
	2016 INCREASE	1.30%	
	TOTAL INCREASE:	7,318	
	EXPENSED PORTION	77.04%	
	EXPENSED AMOUNT	5,638	
	Annualizing of test year non-union salaried employees due to an average wage increase of 2.14% effective 7/1/2015. $(1/2 \text{ yr} \times 2.14\%) = 1.07\%$		
	2015 NON-UNION WAGES (Salaried)	1,500,309	
	2015 ANNUALIZING INCREASE	1.07%	
	TOTAL INCREASE:	16,053	
	EXPENSED PORTION	77.04%	
	EXPENSED AMOUNT	12,367	
	TOTAL WAGE CHANGES:	105,246	
	TOTAL EXPENSED WAGE INCREASES:	81,080	OPR/MAINT.
		(For Cost Allocation See Sch. 7C)	
7	Snettisham Purchased Power Costs		
	<u>Item</u>	<u>Test Year</u>	<u>Proforma</u> <u>Adjustment</u>
	Debt Service (U-99-136(1))	5,756,838	5,451,794 (305,044) See Sch. 7E.
	R and R Fund Payment	2,059,642	2,337,620 277,978 See Sch. 7E.
	*Per the Snettisham Power Sales Agreement, every three years an independent consultant shall evaluate the R&R fund and recommend adjustment to the annual R&R contribution. The most recent evaluation and recommendation was made for the R&R contribution effective 1/1/2017.		
	Total Known Changes for Snettisham costs, all expensed:	(27,066)	PURCHASED POWER
8	Remove test year lobbying expenses from GL 92390.	(35,729)	OPR-G&A
9	Union Employee Benefits		
	NECA: Eff. 4/1/2016 \$0.58 per hour increase in health & welfare from \$11.61/hr to \$12.19/hr and \$1.42 per hour increase in Pension from \$13.12/hr to \$14.54/hr		
	Hours worked from 1/1/15 to 12/31/15	8,300.5	
	Increase in hourly contribution rate (\$0.58 + \$1.42)	\$2.00	
	INCREASE	16,601	
	Full Time Union: Effect of increase in health & welfare resulting from the agreement with the I.B.E.W. effective 4/01/2015		
	increases from \$1,670/mo per employee to \$1,754/mo = \$84 per month per empl	\$84	
	Number of employees	32	
	Number of months	3	
	INCREASE	8,064	

STATEMENT OF KNOWN CHANGES TO OPERATING EXPENSES

<u>Known Change Number</u>	<u>Description</u>	<u>Amount</u>	<u>Expense Category</u>
	Full Time Union: Effect of increase in health & welfare resulting from the agreement with the I.B.E.W. effective 4/01/2016 increases from \$1,754/mo per employee to \$1,853/mo = \$99 per month per empl	\$99	
	Number of employees	32	
	Number of months	12	
	INCREASE	38,016	
	TOTAL INCREASE	62,681	
	EXPENSED PORTION	77.04%	48,289
	TOTAL EXPENSED INCREASE		OPR/MAINT.

(For Cost Allocation See Sch. 7D)

10	FERC Land Use and Admin Fees Adjustment GL 92890	<u>Test Year</u> 93,413	<u>Proforma</u> 223,824	<u>Adjustment</u> 130,411	130,411	OPR-G&A
11	Normalize Direct charges from Avista	<u>Test Year</u> 166,806	<u>Proforma</u> 37,332	<u>Adjustment</u> (129,474)	(129,474)	OPR-G&A
	GL 92310	46,671	9,452			
	GL 92390	45,255	-			
	GL 93010	74,880	27,880			
12	Adjust rate case expense to expected amount	<u>Test Year</u> -	<u>Proforma</u> 147,912	<u>Adjustment</u> 147,912	147,912	OPR-G&A
13	Proforma adjustment for depreciation.	<u>Test Year</u> \$5,111,744	<u>Proforma</u> \$5,477,784	<u>Adjustment</u> 366,040	366,040	DEPRECIATION
14	Remove company expenses unrelated to provision of utility service (picnic, Christmas party, et	<u>Test Year</u> 38,327	<u>Proforma</u> -	<u>Adjustment</u> (38,327)	(38,327)	OPR-G&A

TOTAL KNOWN CHANGES TO OPERATING EXPENSES:

621,883

PROFORMA ADJUSTMENTS TO OPERATING REVENUES

Line No.	(a)	(b)	(c)	(d)	(e)	(f)
						<u>Adjust Test Year Revenues</u>
1	(1) Remove all COPA revenues from test year revenues.					
2						
3	COPA revenues recorded in test year.					1,501,348
4						
5	Total for Adjustment (1):					1,501,348
6						
7	(2) Adjust test-year interruptible revenues:					
8	(2a) Reduce test year revenues by dual fuel sales (Excess Margins) refunded through COPA.					
9						
			<u>Test Year</u>	<u>Refunded Thru</u>		<u>Adjust Test</u>
10	<u>Customer Class</u>	<u>Rate</u>	<u>kWh Sold</u>	<u>COPA (Sch. 7B)</u>		<u>Year Revenues</u>
11	Interruptible Sales:					
12	Residential/Small Comm.	X5 (95)	498,225	(40,106)		
13	Large Commercial	35/25	5,816,720	(416,550)		
14	Total:		6,314,945	(456,656)		(456,656)
15						
16						
17	(2b) Reduce test year revenues by sales to Princess Cruise Lines, which are refunded through COPA.					
18						
			<u>Test Year</u>	<u>Revenues</u>		<u>Adjust Test</u>
19	<u>Customer Class</u>	<u>Rate</u>	<u>kWh Sold</u>	<u>Refunded Thru COPA</u>		<u>Year Revenues</u>
20	Interruptible Sales:					
21	Cruise Ships	28	5,909,330	(590,933)		(590,933)
22						
23						
24	(2c) Adjust test year Greens Creek Mine revenues to projected revenues.					
			<u>Test Year</u>	<u>Test Year</u>	<u>Proforma Test</u>	<u>Adjust Test</u>
25	<u>Customer Class</u>	<u>Rate</u>	<u>kWh Sold</u>	<u>Revenues</u>	<u>Year Revenues</u>	<u>Year Revenues</u>
26	Interruptible Sales:					
27	Greens Creek Mine	43	72,559,050	7,149,937	9,569,673	2,419,736
28	Greens Creek Revenues Retained			6,653,760		
29	Total for Adjustment (2):					1,372,146
30						

PROFORMA ADJUSTMENTS TO OPERATING REVENUES

31	<u>(3) Adjust firm test-year revenues:</u>			<u>Adjust Test</u>
32	<u>(3a) Reverse street light adjustment made in test year for period prior to test year.</u>			<u>Year Revenues</u>
33				
34	Street light adjustment reduced revenue in test year; reverse this amount since it relates			60,251
35	to prior year periods.			
36	<u>(3b) Reverse unbilled revenue accrual.</u>			<u>Adjust Test</u>
37				<u>Year Revenues</u>
38	Reverse unbilled revenue amount recorded at end of test year; no billing determinants.			43,410
39				
40	<u>(3c) Adjust Walmart revenues due to store closure.</u>			<u>Adjust Test</u>
				<u>Year Revenues</u>
41		<u>Test Year</u>	<u>Proforma Test</u>	
42		<u>Revenues</u>	<u>Year Revenues</u>	
43	Adjust firm revenues due to closure of Walmart store in	360,107	143,918	(216,189)
44	February 2016.			
45	Total for Adjustment (3):			(112,528)
46	Total Operating Revenue Proforma Adjustments (1) through (3) (Shown on Sch. 6):			2,760,966

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SCHEDULE 7B
3 AAC 48.275(a)(7)

Calculation of Dual Fuel Revenues Refunded Through COPA

Line
No.

1	Month	Rate 95 - Residential/Small Comm.				Rate 25/35 - Large Commercial				Allowed Margins			Refunded Through COPA Net Over or (Under)			Total Dual Fuel Revenues			(R) (A+E)
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	
					(B-C)				(F-G)				(AxD)	(ExH)	(L+M)	(AxB)	(ExF)	(O+P)	
		Rate Charged	APUC Allowed	Margin	Diff.	Rate Charged	APUC Allowed	Margin	Diff.	Rate 95	Rate 25/3	Total	Rate 95	Rate 25/3	Total	Rate 95	Rate 25/3	Total	
2		Kwh	per Kwh			Kwh	per Kwh			(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	Total kWh
3		Sold	(\$)	(\$)	(\$)	Sold	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
4																			
5																			
6																			
7																			
8																			
9	Jan-15	53,966	0.1049	0.0050	0.0999	784,520	0.1049	0.0150	0.0899	270	11,768	12,038	5,391	70,528	75,920	5,661	82,296	87,957	838,486
10	Feb-15	56,421	0.1049	0.0050	0.0999	758,460	0.1049	0.0150	0.0899	282	11,377	11,659	5,636	68,186	73,822	5,919	79,562	85,481	814,881
11	Mar-15	49,551	0.1049	0.0050	0.0999	649,160	0.1049	0.0150	0.0899	248	9,737	9,985	4,950	58,359	63,310	5,198	68,097	73,295	698,711
12	Apr-15	41,094	0.0811	0.0050	0.0761	656,200	0.0776	0.0150	0.0626	205	9,843	10,048	3,127	41,078	44,205	3,333	50,921	54,254	697,294
13	May-15	31,409	0.0811	0.0050	0.0761	551,560	0.0776	0.0150	0.0626	157	8,273	8,430	2,390	34,528	36,918	2,547	42,801	45,348	582,969
14	Jun-15	20,850	0.0811	0.0050	0.0761	170,980	0.0776	0.0150	0.0626	104	2,565	2,669	1,587	10,703	12,290	1,691	13,268	14,959	191,830
15	Jul-15	18,416	0.0674	0.0050	0.0624	223,800	0.0671	0.0150	0.0521	92	3,357	3,449	1,149	11,660	12,809	1,241	15,017	16,258	242,216
16	Aug-15	20,629	0.0674	0.0050	0.0624	243,420	0.0671	0.0150	0.0521	103	3,651	3,754	1,287	12,682	13,969	1,390	16,333	17,724	264,049
17	Sep-15	30,097	0.0674	0.0050	0.0624	194,360	0.0671	0.0150	0.0521	150	2,915	3,066	1,878	10,126	12,004	2,029	13,042	15,070	224,457
18	Oct-15	45,174	0.0773	0.0050	0.0723	319,580	0.0773	0.0150	0.0623	226	4,794	5,020	3,266	19,910	23,176	3,492	24,704	28,195	364,754
19	Nov-15	61,298	0.0773	0.0050	0.0723	571,380	0.0773	0.0150	0.0623	306	8,571	8,877	4,432	35,597	40,029	4,738	44,168	48,906	632,678
20	Dec-15	69,320	0.0773	0.0050	0.0723	693,300	0.0773	0.0150	0.0623	347	10,400	10,746	5,012	43,193	48,204	5,358	53,592	58,951	762,620
21	Total	498,225				5,816,720				2,491	87,251	89,742	40,106	416,550	456,656	42,597	503,801	546,398	6,314,945

Amount shown as Item No. (2a) Refunded through COPA on Sch. 7A: 456,656

Tariff Advice No. 453-1
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SCHEDULE 7C
3 AAC 48.275(a)(7)

ALLOCATION OF WAGES BY EXPENSE CATEGORY
(Known Change Number 6)

Line No.	Wages and Salaries	Test Year 2015	Basis for Adjustment	Increase %	Increase \$	Normalized Test Year	Proforma Wages
1	Journeyman Wages(test year & norma	\$2,292,396	\$11,395		\$11,395	\$2,303,791	
2	Linemen Wages(test year & normalize	\$983,196	\$3,777		\$3,777	\$986,973	
3	Journeyman Wages (Eff 4/1/16)		\$2,303,791	1.44%	\$33,175		
4	Linemen Wages (Eff 4/1/16)		\$986,973	1.38%	\$13,620		\$3,337,559
5	Non-U.Hr'ly (test year & normalized)	\$1,105,988	\$1,105,988	1.80%	\$19,908	\$1,125,896	
6	Non-U. Hourly (Eff 7/1/16)		\$1,125,896	1.30%	\$7,318		\$1,133,214
7	Non-U. Sal. (test year & normalized)	\$1,500,309		2.14%	\$16,053	\$1,516,362	
8	Non-U. Salaried (Eff 7/1/16)		\$1,516,362	0.00%	\$0		\$1,516,362
9	Temp Wages (test year)	\$55,763	\$55,763	0.00%	\$0	\$55,763	\$55,763
10	NECA Wages(test year & normalized)	\$399,273		0.00%	\$0	\$399,273	
11	NECA Wages (Eff. 4/1/2016)		\$399,273	0.00%	\$0		\$399,273
12	Total	\$6,336,925			\$105,246	\$6,388,058	\$6,442,171

Classification	Wages and Salaries 2015	% of Known Change	Wage Increase	Total Expensed Proforma Wages
14 Operation --				
16 Hydraulic	\$784,264	12.376%	13,025	
17 Internal Combustion	38,568	0.609%	641	
18 Purchased Power	766,466	12.095%	12,730	
19 Transmission	0	0.000%	0	
20 Distribution	555,336	8.763%	9,223	
21 Customer Accounts	556,872	8.788%	9,249	
22 General & Admin.	1,271,913	20.071%	21,124	
23	3,973,420	62.702%	65,991	
24				
25 Maintenance --				
26 Hydraulic	139,721	2.205%	2,321	
27 Internal Combustion	132,106	2.085%	2,194	
28 Transmission	123,381	1.947%	2,049	
29 Distribution	443,295	6.995%	7,362	
30 General & Admin.	70,009	1.105%	1,163	
31	908,511	14.337%	15,089	
32				
33 Total Expensed	\$4,881,931	77.04%	\$81,080	\$4,963,011
34				
35 Capitalized, Vacation, Billed				
36 Out Expenses, etc.	\$1,454,994	22.961%	24,165.53	
37				
38 Total	\$6,336,925	100.00%	\$105,246	
	\$4,881,931			

ALLOCATION BY EXPENSE CATEGORY

<u>Line No.</u>	<u>No.</u>	<u>Description of Change</u>	<u>Amount</u>
	<u>Known</u>		
	<u>Change</u>		
	9	Total Union benefit increase from Sch. 7:	\$62,681
		Wages and Salaries 2015	Known Union Benefits
1		Classification	
2		Operation --	
3		Hydraulic	\$784,264 12.376% 7,757
4		Internal Combustion	\$38,568 0.609% 382
5		Purchased Power	\$766,466 12.095% 7,581
6		Transmission	\$0 0.000% 0
7		Distribution	\$555,336 8.763% 5,493
8		Customer Accounts	\$556,872 8.788% 5,508
9		General & Admin.	\$1,271,913 20.071% 12,581
10			3,973,420 62.702% 39,302
11		Maintenance --	
12		Hydraulic	139,721 2.205% 1,382
13		Internal Combustion	132,106 2.085% 1,307
14		Transmission	123,381 1.947% 1,220
15		Distribution	443,295 6.995% 4,385
16		General & Admin.	70,009 1.105% 693
17			908,511 14.337% 8,987
18			
19		Total Expensed	\$4,881,931 77.039% \$48,289
20			
21		Capitalized, Vacation, Non-	
22		Utility Expenses, etc.	1,454,994 22.961% \$14,392
23			
24		Total	\$6,336,925 100.00% \$62,681

Tariff Advice No. 453-1
Alaska Electric Light and Power Company
Revenue Requirement Study
Test Year Ending December 31, 2015

SCHEDULE 7E
3 AAC 48.275(a)(7)

Snettisham Purchase Power Costs
(Known Change No. 7)

Line No.

1 Debt Service Change- Refinance Snett bonds in 2015								
		<u>Test Year</u>	<u>Test Year</u>	<u>Total Test</u>	<u>2016</u>	<u>2016</u>	<u>Total 2016</u>	
		<u>Principal</u>	<u>Interest</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Year</u>	<u>Proforma</u>
	<u>Date</u>	<u>Payment</u>	<u>Payment</u>	<u>Payments</u>	<u>Payment</u>	<u>Payment</u>	<u>Payments</u>	<u>Adjustment</u>
2								
3	1/1/2015	185,833	307,481	493,315	191,250	263,066	454,316	(38,999)
4	2/1/2015	185,833	307,481	493,315	191,250	263,066	454,316	(38,999)
5	3/1/2015	185,833	307,481	493,315	191,250	263,066	454,316	(38,999)
6	4/1/2015	185,833	307,481	493,315	191,250	263,066	454,316	(38,999)
7	5/1/2015	185,833	307,481	493,315	191,250	263,066	454,316	(38,999)
8	6/1/2015	185,833	307,481	493,315	191,250	263,066	454,316	(38,999)
9	7/1/2015	185,833	307,481	493,315	191,250	263,066	454,316	(38,999)
10	8/1/2015	185,833	307,481	493,315	191,250	263,066	454,316	(38,999)
11	9/1/2015	170,826	281,754	452,580	191,250	263,066	454,316	1,736
12	10/1/2015	170,826	281,754	452,580	191,250	263,066	454,316	1,736
13	11/1/2015	170,826	281,754	452,580	191,250	263,066	454,316	1,736
14	12/1/2015	170,826	281,754	452,580	191,250	263,066	454,316	1,736
15		2,169,972	3,586,866	5,756,838	2,295,000	3,156,794	5,451,794	(305,044)
16								
17		Proforma Debt Service Payments Total:			5,451,794			
18		Test Year Debt Service Payments Total:			<u>5,756,838</u>			
19		Proforma Debt Service Adjustment			<u>(305,044)</u>			
20								
21								
22		<u>Annual Renewal and Replacement Fund Contribution</u>						
23		(Section 7c AIDEA/AELP Snettisham Power Sales Agreement)						
24		Contribution was last recalculated by consultant in 2016 for 1/1/2017 contribution.						
25		Recalculation occurs every three years; in the interim 2 years increases by 3% each year.						
26								
27		Test Year Contribution			\$2,059,642			
28		Proforma Amount (new calculation)			<u>\$2,337,620</u>	per consultant report		
29		Proforma Increase			<u>\$277,978</u>			

Tariff Advice No. 453-1
Alaska Electric Light and Power Company
Revenue Requirement Study
Test Year Ending December 31, 2015
Normalization of Rate Base

SCHEDULE 7F
3 AAC 48.275(a)(7)

Line No.	Project	Date Closed To PIS	Plant Account	Annual Depreciation Factor	Months in Rate Base	Months Depreciation	Amount Closed to PIS	13th Mo. Average PIS	13th Mo. Accumulated Depreciation	13 Month Net Plant	Depreciation Expense
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
								((e)*(g))/13			
Plant In Service Proforma Adjustment - New Backup Unit at Industrial Blvd.											
Assumed Closures to Plant in Test Year											
1	Land	1/1/2015	34000	0.0000	12	12	2,158,194	1,992,179	-	1,992,179	-
2	Franchises and Consents	1/1/2015	30200	0.0196	12	12	741,803	684,741	7,270	677,472	14,539
3	Structures and Improvements	1/1/2015	34100	0.0267	12	12	2,883,032	2,661,261	38,489	2,622,772	76,977
4	Fuel Holders	1/1/2015	34200	0.0158	12	12	933,263	861,474	7,373	854,101	14,746
5	Prime Movers	1/1/2015	34300	0.0080	12	12	8,874,395	8,191,749	35,498	8,156,252	70,995
6	Generators	1/1/2015	34400	0.0270	12	12	5,391,104	4,976,403	72,780	4,903,623	145,560
7	Accessory Electric Equipment	1/1/2015	34500	0.0172	12	12	594,770	549,018	5,115	543,903	10,230
8	Misc Power Plant Equip	1/1/2015	34600	0.0165	12	12	157,887	145,742	1,303	144,439	2,605
9	Power Operated Equipment	1/1/2015	39600	0.0490	12	12	106,962	98,734	2,621	96,114	5,241
10	Plant Station Equipment	1/1/2015	35300	0.0267	12	12	681,877	629,425	9,103	620,322	18,206
11	Poles, Towers, and Fixture	1/1/2015	36400	0.0545	12	12	122,818	113,370	3,347	110,023	6,694
12	Overhead Conductors and Device	1/1/2015	36500	0.0218	12	12	11,318	10,447	124	10,324	247
13	Subtotal - New Backup Unit Plant Full Year Closure						22,657,423	20,914,544	183,020	20,731,524	366,040
14											
15	Pro Forma Adjustment to Rate Base PIS 13-month						20,914,544	183,020	20,731,524	366,040	

Alaska Electric Light and Power Company
Revenue Requirement Study
Test Year Ending December 31, 2015

SCHEDULE 7G
3 AAC 48.275(a)(7)

Known Change #5	PROFORMA NEW PLANT	TAXABLE TOTAL	2016 MILL RATE	2016 PROP. TAX	2015 PROP. TAX	DIFF. 2016 - 2015
Actual AELP Utility Property Taxes - Real Property				404,502	411,652	(7,150)
Actual AELP Utility Property Taxes - Personal Property				470,963	486,305	(15,342)
Total Actual AELP Property Taxes in 2016 and 2015				875,465	897,957	(22,492)
Add estimated personal property tax on new backup unit:				PROFORMA PROP. TAX		DIFF. Proforma - 201
GL 34200 - Fifteen year life for personal property tax	933,263	839,937	10.66	8,954		8,954
GL 34300 - Twenty year life for personal property tax	8,874,395	8,164,443	10.66	87,033		87,033
GL 34400 - Twenty year life for personal property tax	5,391,104	4,959,816	10.66	52,872		52,872
GL 34500 - Twenty year life for personal property tax	594,770	547,188	10.66	5,833		5,833
GL 34600 - Ten year life for personal property tax	157,887	134,204	10.66	1,431		1,431
GL 35300 - Twenty-five year life for personal property tax	681,877	640,964	10.66	6,833		6,833
GL 36400 - Twenty-five year life for personal property tax	122,818	115,449	10.66	1,231		1,231
GL 36500 - Twenty-five year life for personal property tax	11,317	10,638	10.66	113		113
GL 39600- Fifteen year life for personal property tax	106,962	96,266	10.66	1,026		1,026
Total estimated personal property tax on new backup unit	16,874,393	15,508,905		165,325		165,325
Add est. real property tax on new backup unit - structures	2,883,032	2,883,032	10.66	30,733		30,733
Total Proforma Adjustment for new backup unit	19,757,425	18,391,937	10.66	196,058		196,058
Total Proforma Property Taxes				1,071,523	897,957	173,566

CBJ Personal Property Tax Factors

10-year life, year 1	0.85
15-year life, year 1	0.9
20-year life, year 1	0.92
25-year life, year 1	0.94

Explanation of Proforma Adjustments

Known Change 1

Remove all COPA revenues from test year revenues.

Description	Amount
2015 COPA revenues to include in rate filing	0
2015 COPA revenues recorded in test year revenues	(1,501,348)
Total adjustment to remove all COPA revenues from test year revenues	<u>1,501,348</u>

During the test year, COPA revenues are recorded in the financial records. For ratemaking purposes, all revenues associated with the COPA mechanism are excluded from test year revenues.

Explanation of Proforma Adjustments

Known Change 2a

Reduce test year revenues by dual fuel sales (Excess Margins) refunded through COPA.

Description	Amount
2015 Excess Margins to include in rate filing	0
2015 Excess Margins recorded in test year revenues	456,656
Total adjustment to remove Excess Margin revenues from test year revenues	<u>(456,656)</u>

During the test year, all revenues from dual fuel sales are included in revenues. However, AELP retains only 0.5 cent per kWh of sales to residential dual fuel customers, and retains 1.5 cents per kWh of sales to commercial and government dual fuel customers. The remainder of the dual fuel revenues received ("excess margins") are refunded through COPA. In the test year, \$456,656 associated with excess margins was refunded to our customers through COPA. See detailed calculation on Sch. 7B.

Explanation of Proforma Adjustments

Known Change 2b

Reduce test year revenues by sales to Princess Cruise Lines, which are refunded through COPA.

Description	Amount
2015 Surplus sales to Princess Cruise Lines to include in rate filing	0
2015 Surplus sales to Princess Cruise Lines recorded in test year revenues	590,933
Total adjustment to remove Princess Cruise Line revenues from test year revenues	<u>(590,933)</u>

During the test year, all revenues from sales to Princess Cruise Lines are included in revenues. However, all revenues from surplus sales to Princess Cruise Lines are refunded to our customers through the COPA mechanism. See detailed calculation on Sch. 7A.

Explanation of Proforma Adjustments

Known Change 2c

Adjust test year Greens Creek Mine revenues to projected revenues.

Description	Amount
2015 Projected revenues for sales to Greens Creek Mine	9,569,673
2015 Surplus sales to Greens Creek Mine recorded in test year revenues	7,149,937
Total adjustment to increase proforma test year revenues	<u>2,419,736</u>

In the past two years, an average of 72 GWH has been sold to Greens Creek. However, in the six full calendar years since Lake Dorothy came online, the annual average is about 60 GWH. Therefore the level of projected GWH sales is 66 GWH, which essentially discounts the drier and wetter years. The projected revenue for sales to the mine is calculated as (66,000,000 kWh x \$0.144977/kWh) + (\$99.24 customer charge/month x 12 months) = \$9,569,673.

Explanation of Proforma Adjustments

Known Change 3a

Reverse street light adjustment made in test year for periods prior to the test year.

Description	Amount
Amount by which test year street light revenues should be adjusted.	0
Reverse adjustment to street light revenues since the adjustment was for prior years' over	60,251
Total adjustment to increase proforma test year revenues	<u>60,251</u>

Explanation of Proforma Adjustments

Known Change 3b
Reverse unbilled revenue accrual.

Description	Amount
Amount by which test year revenues should be adjusted for unbilled revenue.	0
Reverse adjustment for accrual of unbilled revenue.	43,410
Total adjustment to increase proforma test year revenues	<u>43,410</u>

Explanation of Proforma Adjustments

Known Change 3c

Adjust test year revenues due to the closure of the Walmart store in February 2016.

Description	Amount
Test year kWh revenue from sales to Walmart.	(253,468)
Test year kW revenue from sales to Walmart.	(106,639)
Normalized kWh revenue.	73,901
Normalized kW revenue.	70,017
Total adjustment to normalize revenues due to the closure of the Walmart store.	<u>(216,189)</u>

		Lg Comm							
kWh Usage	2015	2016	29.2% of 2015 kWh	Energy Charge	Normalized kWh Revenue	Test Year kWh Revenue	Reduction in kWh Revenue		
January	411,500	421,700	119,977	0.0611	\$ 7,331	\$ 25,143	\$ 17,812		
February	397,500	393,400	115,896	0.0611	\$ 7,081	\$ 24,287	\$ 17,206		
March	403,300	152,100	117,587	0.0611	\$ 7,185	\$ 24,642	\$ 17,457		
April	360,500	101,800	105,108	0.0611	\$ 6,422	\$ 22,027	\$ 15,604		
May	323,600	93,500	94,349	0.0611	\$ 5,765	\$ 19,772	\$ 14,007		
June	322,900	78,600	94,145	0.0573	\$ 5,395	\$ 18,502	\$ 13,108		
July	315,100	80,200	91,871	0.0573	\$ 5,264	\$ 18,055	\$ 12,791		
August	290,300	81,500	84,640	0.0573	\$ 4,850	\$ 16,634	\$ 11,784		
September	298,700		87,089	0.0573	\$ 4,990	\$ 17,116	\$ 12,125		
October	340,500		99,277	0.0573	\$ 5,689	\$ 19,511	\$ 13,822		
November	349,900		102,017	0.0611	\$ 6,233	\$ 21,379	\$ 15,146		
December	432,100		125,984	0.0611	\$ 7,698	\$ 26,401	\$ 18,704		
	4,245,900	1,402,800	1,237,940		\$ 73,901	\$ 253,468	\$ 179,567		

2016 as % of 2015

March-August 2,015,700 587,700 29.2%

		Lg Comm							
kW Usage	2015	2016	65.7% of 2015 kW	Demand Charge	Normalized kW Revenue	Test Year kW Revenue	Reduction in kW Revenue		
January	852	794	559	14.30	\$ 7,999	\$ 12,184	\$ 4,184		
February	888	834	583	14.30	\$ 8,337	\$ 12,698	\$ 4,361		
March	936	486	615	14.30	\$ 8,788	\$ 13,385	\$ 4,597		
April	772	713	507	14.30	\$ 7,248	\$ 11,040	\$ 3,791		
May	735	598	483	14.30	\$ 6,901	\$ 10,511	\$ 3,610		
June	575	473	378	9.11	\$ 3,439	\$ 5,238	\$ 1,799		
July	581	208	381	9.11	\$ 3,475	\$ 5,293	\$ 1,818		
August	530	233	348	9.11	\$ 3,170	\$ 4,828	\$ 1,658		
September	530		348	9.11	\$ 3,170	\$ 4,828	\$ 1,658		
October	646		424	9.11	\$ 3,864	\$ 5,885	\$ 2,021		
November	707		464	14.30	\$ 6,638	\$ 10,110	\$ 3,472		
December	744		488	14.30	\$ 6,985	\$ 10,639	\$ 3,654		
	8,496	4,339	5,578		\$ 70,017	\$ 106,639	\$ 36,622		

2016 as % of 2015

March-August 4,129 2,711 65.7%

Total Reduction in Revenue \$ 216,189
(kWh revenue + kW revenue)

Explanation of Proforma Adjustments

Known Change **4**
Elimination of all fuel costs.

Description	Amount
2015 Fuel costs to include in revenue requirement	0
2015 Fuel costs recorded in test year revenues	94,819
Total adjustment to remove fuel costs	<u>(94,819)</u>

All fuel costs are recovered through the COPA mechanism. Therefore, fuel costs need to be removed from test year expenses or the costs will be double-recovered.

Explanation of Proforma Adjustments

Known Change 5
Property Tax Change from Test Year

Description	Amount
2015 Test Year Property Tax Expense	897,957
2016 Property Tax Expense Reduction from Test Year	(22,492)
Proforma Adjustment for Property Tax	196,058
Total Proforma Property Tax Expense	<u>1,071,523</u>
Less Test Year Property Tax Expense	(897,957)
Total Proforma Property Tax Adjustment	<u>173,566</u>

Property tax assessments have been received for 2016 and are slightly lower than test year expenses.
However, property taxes will be increased by addition of new backup generation unit.
See Sch. 7 Known Change 5 for calculation.

Explanation of Proforma Adjustments

Known Change **6**
Wage and Salary Increases

Description	Amount
Adjustments to annualize test year wages and account for wage increases	<u>81,080</u>

There are various adjustments to wages to annualize wage increases that became effective during the test year, occurred at the beginning of 2016 or will occur during 2016. The additional wages are multiplied by the portion of test year wages expensed. A proforma adjustment is necessary to account for wages which will be in effect during the period the rates are in effect. The number of positions and hours from the test year were held constant, with adjustments applied to test year levels. See Sch. 7 Known change 6 for detailed calculations, as well as Sch. 7C.

Explanation of Proforma Adjustments

Known Change 7
Snettisham Purchased Power Costs

Description	Amount
Total adjustment for known changes to Snettisham Purchased Power Costs	<u>(27,066)</u>

There are two adjustments to Snettisham Purchased Power Costs.
During the test year, the Snettisham bonds were refinanced for an annual debt service savings of \$305,044.
An adjustment has been made to reduce the revenue requirement by the amount of the annual debt service savings.
See Sch. 7 Known Change 7, as well as Sch. 7E for detailed calculations.

Also, per the Power Sales Agreement, every three years an independent consultant shall evaluate the R&R fund and recommend an adjustment to the annual R&R contribution. The most recent evaluation and recommendation was made for the R&R contribution to be increased by \$277,978 effective 1/1/2017.
See Sch. 7 Known Change 7, as well as Sch. 7E for detailed calculations.

Explanation of Proforma Adjustments

Known Change 8
Remove test year lobbying expenses.

Description	Amount
Total adjustment to remove 2015 test year lobbying expenses	<u>(35,729)</u>

During 2015 AELP incurred lobbying expenses which are not recoverable in rates.
This adjustment removes the amount of test year lobbying expenses from the revenue requirement.

Explanation of Proforma Adjustments

Known Change 9
Adjust Union Employee Benefits

Description	Amount
Adjust test year union employee benefit expenses	<u>48,289</u>

NECA and full-time union health and welfare and pension benefits have increased in 2015 and 2016. These annualizing and normalizing adjustments have been applied to test year hours. The amount of the increase was multiplied by the percentage of test year wages expensed.

See Schedule 7 Known Change 9 and Schedule 7D for detailed calculations.

Explanation of Proforma Adjustments

Known Change 10
FERC Land Use and Admin Fees Adjustment

Description	Amount
2016 FERC Land Use and Admin Fees	223,824
2015 Test Year FERC Land Use and Admin Fees	93,413
Total adjustment to property tax expense	<u>130,411</u>

This proforma adjustment normalizes FERC Land and Admin fees to the fees which are currently in effect during the period in which the proposed rates are in effect.

Explanation of Proforma Adjustments

Known Change 11

To normalize direct charges from Avista.

Description	Amount
2016 Expected Charges	37,332
2015 Test Year Charges	166,806
Total adjustment	<u>(129,474)</u>

Direct charges from Avista are expected to be lower in 2016 than the charges experienced in the test year. This adjustment reduces the revenue requirement by the expected reduction amount.

Direct charges from Avista are primarily related to directors fees and tax accounting charges.

In the test year, \$46,671 was charged for accounting services, but the amount has been reduced to \$9,452 in the revenue requirement.

Similarly, directors fees in the test year were \$74,880, but the amount has been reduced to \$27,880 in the revenue requirement.

Explanation of Proforma Adjustments

Known Change 12

Proforma adjustment for rate case expense

Description	Amount
Proforma adjustment for rate case expense	147,912

Rate case expenses for the previous rate filing (2009 test year) were \$399,761. A proforma adjustment has been made to increase those expenses by the increase in the Anchorage CPI of 11% from 2010 to 2015 and amortize over three years. There were no amortized rate case expenses in the test year.
 $\$399,761 \times 1.11 / 3 = \$147,912$ proforma adjustment.

Explanation of Proforma Adjustments

Known Change 13

Proforma adjustment for depreciation expense related to new backup generation unit

Description	Amount
Proforma amount for depreciation expense	5,477,784
Test year depreciation expense	5,111,744
Total adjustment for depreciation expense	<u>366,040</u>

This proforma adjustment is to include annual depreciation expense on the new backup generation unit, which will be used and useful during the period the interim and permanent rates will be in effect. See Sch. 7F for detailed calculations.

Explanation of Proforma Adjustments

Known Change 14

Remove company expenses which are non-recurring or unrelated to the provision of electric service

Description	Amount
Total adjustment to remove company expenses unrelated to the provision of electric service	<u>(38,327)</u>

Expenses of following amounts and GL accounts have been removed from the revenue requirement:

GL 92130	142.76
GL 92185	9,692.07
GL 92186	1,215.77
GL 92190	8,261.35
GL 93015	2,516.84
GL 92110	4,953.51
GL 92115	271.40
GL 92160	3,438.72
GL 93050	7,144.20
GL 92320	690.46
	<u>38,327.08</u>

Tariff Advice No. 453-1
Alaska Electric Light and Power Company
Revenue Requirement Study
Test Year Ending December 31, 2015

SCHEDULE 8
3 AAC 48.275(a)(8)

FEDERAL AND STATE INCOME TAX PROVISION

Line No.	Description	Amount
1	NET INCOME AFTER TAXES:	\$9,879,863
2	(RATE BASE X WEIGHTED EQUITY)	
3	13-MONTH RATE BASE: (Sch. 9 \$123,036,902	
4	WEIGHTED EQUITY: (Sch. 12) 8.03%	
5		
6	COMPUTATION OF TAXES:	
7	INCOME BEFORE TAX: 16,595,922	
8	STATE INCOME TAX	
9	\$10,830 + 9.4% X (INCOME BEFORE TAX - \$222,000)	1,549,979
10	FEDERAL INCOME TAX	
11	(INCOME BEFORE TAX - STATE TAX)	5,166,080
12	at 34% for first \$10,000,000 and 35% for amount > \$10,000,000	
13	TOTAL INCOME TAX PROVISION	6,716,059

Tariff Advice No. 453-1
Alaska Electric Light and Power Company
Revenue Requirement Study
Test Year Ending December 31, 2015

SCHEDULE 9
3 AAC 48.275(a)(9)

COMPUTATION OF RATE BASE (13 Month Average)

Line

No.	Description	Amount	Source
1	Electric Utility Plant in Service	225,959,246	Sch. 9A
2			
3	Less Accum. Depreciation	(93,427,651)	Sch. 9B
4			
5	Unamortized Overhauls/Other	2,366,009	Sch. 9C
6			
7	Working Capital	5,321,493	Sch. 11
8			
9	Less Customer Deposits	(179,456)	Line 40, (d)
10			
11	Less Deferred Taxes	(17,002,740)	Line 40, (h)
12			
13	Net Rate Base (Average)	<u>123,036,902</u>	

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
21	Calculation of Customer Deposits:			[1+2]		Adjustment to	Adjustment	
22		[1]	[2] **	TOTAL	Test Year	Deferred Taxes	to Deferred	
23		DEPOSITS	ADVANCES	JUST. DEPOSITS	Balance	due to Book/	Taxes due to	
24		LESS THAN	TO CONST.	& OTHER	of	Tax Depr Diff.	Snettisham	Proforma
25	MONTH	\$100	#25200	CREDITS	Deferred Taxes	New Backup Unit	Refinancing	Deferred Taxes
26	Dec-14	49,963	130,000	179,963	13,910,547	0	0	13,910,547
27	Jan-15	49,790	130,000	179,790	13,910,547	3,500,870	0	17,411,417
28	Feb-15	50,644	129,000	179,644	13,910,547	3,500,870	0	17,411,417
29	Mar-15	51,736	129,000	180,736	13,910,547	3,500,870	0	17,411,417
30	Apr-15	51,492	124,000	175,492	13,910,547	3,500,870	0	17,411,417
31	May-15	50,532	124,000	174,532	13,910,547	3,500,870	0	17,411,417
32	Jun-15	49,607	139,000	188,607	14,118,225	3,500,870	0	17,619,095
33	Jul-15	49,599	126,500	176,099	14,118,225	3,500,870	0	17,619,095
34	Aug-15	49,167	134,000	183,167	14,118,225	3,500,870	0	17,619,095
35	Sep-15	48,903	134,000	182,903	14,747,077	3,500,870	(1,487,510)	16,760,437
36	Oct-15	51,023	127,000	178,023	14,747,077	3,500,870	(1,487,510)	16,760,437
37	Nov-15	52,313	127,000	179,313	14,747,077	3,500,870	(1,487,510)	16,760,437
38	Dec-15	51,660	123,000	174,660	14,916,028	3,500,870	(1,487,510)	16,929,388
39	TOTAL:	656,429	1,676,500	2,332,929	184,975,218	42,010,436	(5,950,040)	221,035,615
40	AVERAGE:	50,495	128,962	179,456	14,228,863	3,231,572	(457,695)	17,002,740

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Alaska Electric Light and Power Company

Revenue Requirement Study

Test Year Ending December 31, 2015

SCHEDULE 9A

3 AAC 48.275(a)(9)

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13 Month Plant Balances

Acct.	Description	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
302	Franchises & Consents	3,830,023	3,830,023	3,830,023	3,830,023	3,830,023
330	Hydro Lands & Land Rights	37,646	37,646	37,646	37,646	37,646
331	Hydro Structures & Improvements	14,675,944	14,675,944	14,675,944	14,675,944	14,675,944
332	Hydro Reservoirs Dams Wway	44,413,368	44,413,368	44,413,368	44,413,368	44,413,368
333	Hydro W/wheels Turbine Gen	7,936,611	7,936,611	7,936,611	7,936,611	7,955,589
334	Hydro Accessory Elec Equip	3,295,277	3,295,277	3,295,277	3,295,277	3,295,277
335	Hydro Misc Power PI Equip	816,450	816,450	816,450	816,450	816,450
336	Misc Rds Railroads Bridges	13,813,409	13,813,409	13,813,409	13,813,409	13,813,409
		84,988,705	84,988,705	84,988,705	84,988,705	85,007,683
340	Int Comb Land & Land Rights	97,047	97,047	97,047	97,047	97,047
34010	Int CombDepr. Land Improvements	13,603	13,603	13,603	13,603	13,603
341	Int Comb Struct & Improvements	2,255,791	2,255,791	2,255,791	2,255,791	2,255,791
342	Int Comb Fuel Hold Prod	1,188,335	1,188,335	1,188,335	1,188,335	1,188,335
343	Int Comb Prime Movers	16,887,397	16,887,397	16,887,397	16,887,397	16,887,397
344	Int Comb Generators					
345	Int Comb Accessory Elect Equip	1,817,502	1,817,502	1,817,502	1,817,502	1,817,502
346	Int Comb Misc Power PI Equip	486,098	486,098	486,098	486,098	486,098
		22,745,774	22,745,774	22,745,774	22,745,774	22,745,774
350	Trans Land & Land Rights	22,837	22,837	22,837	22,837	22,837
352	Trans Structures & Improvements	1,223,805	1,223,805	1,223,805	1,223,805	1,223,805
353	Trans PI Station Equip	8,730,893	8,730,893	8,730,893	8,730,793	8,730,793
354	Trans Towers & Fixtures	1,923,358	1,923,358	1,923,358	1,923,358	1,923,358
355	Trans Poles & Fixtures	11,621,428	11,621,428	11,621,428	11,621,028	11,621,028
356	Trans O/H Conduct & Devices	4,403,147	4,403,147	4,403,147	4,402,947	4,402,947
357	Trans PI U/G Conduit	373,728	373,728	373,728	373,528	373,528
358	Trans U/G Conduct & Devices	2,151,865	2,151,865	2,151,865	2,151,765	2,151,765
359	Trans PI Roads & Trails	422,524	422,524	422,524	422,524	422,524
		30,873,585	30,873,585	30,873,585	30,872,585	30,872,585
360	Dist Land & Land Rights	242,931	242,931	242,931	242,931	242,931
361	Dist Structures & Improvements	596,503	596,503	596,503	596,503	596,503
362	Dist Sta Equip - Substation	5,743,280	5,743,280	5,743,280	5,743,280	5,765,291
364	Dist Poles Towers Fixtures	4,585,971	4,586,388	4,586,388	4,603,473	4,596,917
365	Dist O/H Conductor	9,711,920	9,713,706	9,713,706	9,713,706	9,713,706
366	Dist U/G Conduit	2,520,740	2,520,740	2,520,740	2,520,740	2,520,740
367	Dist U/G Conduct & Devices	6,540,428	6,557,610	6,557,219	6,558,021	6,558,588
368	Dist Line Transformers	7,651,324	7,651,754	7,651,754	7,651,754	7,772,606
369	U/G & O/H Services	4,794,516	4,805,647	4,817,854	4,814,494	4,805,063
370	Dist Plant Meters	4,509,781	4,509,781	4,509,781	4,509,781	4,509,781
371	Install on Cust Premises	0	0	0	0	0
372	Dist PI Leased Prop	0	0	0	0	0
373	Dist St Lights & Signals	328,695	328,695	328,695	328,695	328,695
		47,226,090	47,257,035	47,268,851	47,283,378	47,410,821
389	Gen PI Land & Land Rights	29,839	29,839	29,839	29,839	29,839
390	Gen PI Struct & Improvements	7,857,860	7,857,860	7,857,860	7,857,860	7,857,860
391	Gen PI Off Furn & Equip	248,631	248,631	248,943	249,536	253,728
39110	Gen PI Off Equip - Tech	1,182,638	1,182,638	1,190,206	1,190,658	1,228,632
392	Gen PI Transportation Equip	2,842,579	2,842,579	2,842,579	2,842,579	2,842,579
393	Gen PI Stores Equip	187,322	187,322	187,322	187,322	187,322
394	Gen PI Tools Shop & Equip	550,635	550,635	550,635	550,635	550,635
395	Gen PI Laboratory Equip	82,384	82,384	82,384	82,384	82,384
396	Gen PI Power Oper Equip	576,333	576,333	576,333	576,333	576,333
397	Gen PI Communications Equip	886,247	886,247	886,247	886,247	886,247
39710	Gen PI Comm Equip - Fiber	1,364,862	1,364,862	1,364,862	1,364,862	1,364,862
39720	Gen PI Comm Equip - SCADA	1,455,301	1,455,301	1,455,301	1,464,099	1,464,099
398	Gen PI Misc Equip	46,201	46,201	46,201	46,201	46,201
399	Other Tangible Property	0	0	0	0	0
		17,310,833	17,310,833	17,318,714	17,328,556	17,370,722
Total Plant in Service		206,975,010	207,005,955	207,025,652	207,049,021	207,237,608

Tariff Advice No. 453-1

Alaska Electric Light and Power Company

Revenue Requirement Study

Test Year Ending December 31, 2015

13 Month Plant Balances

Acct.	Description	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
302	Franchises & Consents	3,830,023	3,830,023	3,830,023	3,830,023	3,830,023	3,830,023
330	Hydro Lands & Land Rights	37,646	37,646	37,646	37,646	37,646	37,646
331	Hydro Structures & Improvements	14,675,944	14,675,944	14,675,944	14,675,944	14,678,160	14,678,160
332	Hydro Reservoirs Dams Wway	44,413,368	44,413,368	44,413,368	44,413,368	44,413,368	44,413,368
333	Hydro W/wheels Turbine Gen	7,951,589	7,951,589	7,951,589	7,951,589	7,951,589	7,951,589
334	Hydro Accessory Elec Equip	3,295,277	3,295,277	3,295,277	3,295,277	3,295,277	3,295,277
335	Hydro Misc Power PI Equip	823,613	822,236	822,236	822,236	822,236	822,236
336	Misc Rds Railroads Bridges	13,813,409	13,813,409	13,813,409	13,813,409	13,897,650	13,897,650
		85,010,846	85,009,469	85,009,469	85,009,469	85,095,927	85,095,927
340	Int Comb Land & Land Rights	97,047	97,047	97,047	97,047	97,047	97,047
34010	Int CombDepr. Land Improvements	13,603	13,603	13,603	13,603	13,603	13,603
341	Int Comb Struct & Improvements	2,255,791	2,255,791	2,255,791	2,255,791	2,255,791	2,255,791
342	Int Comb Fuel Hold Prod	1,188,335	1,188,335	1,188,335	1,188,335	1,188,335	1,188,335
343	Int Comb Prime Movers	16,887,397	16,887,397	16,887,397	16,932,780	16,932,780	16,932,780
344	Int Comb Generators						
345	Int Comb Accessy Elect Equip	1,817,502	1,817,502	1,843,672	1,818,672	1,818,672	1,818,672
346	Int Comb Misc Power PI Equip	486,098	486,098	486,098	486,098	486,098	486,098
		22,745,774	22,745,774	22,771,944	22,792,326	22,792,326	22,792,326
350	Trans Land & Land Rights	22,837	22,837	22,837	22,837	22,837	22,837
352	Trans Structures & Improvements	1,223,805	1,223,805	1,223,805	1,223,805	1,223,805	1,223,805
353	Trans PI Station Equip	8,730,793	8,730,793	8,730,793	8,730,793	8,730,793	8,730,793
354	Trans Towers & Fixtures	1,923,358	1,923,358	1,923,358	1,923,358	1,923,358	1,923,358
355	Trans Poles & Fixtures	11,621,028	11,621,028	11,621,028	11,621,028	11,621,028	11,621,028
356	Trans O/H Conduit & Devices	4,402,947	4,402,947	4,402,947	4,402,947	4,402,947	4,402,947
357	Trans PI U/G Conduit	373,528	373,528	373,528	373,528	373,528	373,528
358	Trans U/G Conduit & Devices	2,151,765	2,151,765	2,151,765	2,151,765	2,151,765	2,151,765
359	Trans PI Roads & Trails	422,524	422,524	422,524	422,524	422,524	422,524
		30,872,585	30,872,585	30,872,585	30,872,585	30,872,585	30,872,585
360	Dist Land & Land Rights	242,931	242,931	242,931	242,931	242,931	242,931
361	Dist Structures & Improvements	598,056	597,450	597,450	597,450	597,450	597,450
362	Dist Sta Equip - Substation	5,765,291	5,786,611	5,778,704	5,778,704	5,778,704	5,778,704
364	Dist Poles Towers Fixtures	4,661,732	4,662,822	4,657,622	4,667,075	4,665,535	4,748,225
365	Dist O/H Conductor	9,712,219	9,713,294	9,713,294	9,723,301	9,718,201	9,718,443
366	Dist U/G Conduit	2,520,268	2,520,676	2,520,676	2,520,676	2,515,962	2,518,924
367	Dist U/G Conduit & Devices	6,546,460	6,623,750	6,631,992	6,623,581	6,622,740	6,630,147
368	Dist Line Transformers	7,772,606	7,772,606	7,768,596	7,765,615	7,768,590	7,781,488
369	U/G & O/H Services	4,795,207	4,801,044	4,801,728	4,818,038	4,813,377	4,810,345
370	Dist Plant Meters	4,509,781	4,509,781	4,669,348	4,669,348	4,669,348	4,669,348
371	Install on Cust Premises	0	0	0	0	0	0
372	Dist PI Leased Prop	0	0	0	0	0	0
373	Dist St Lights & Signals	328,695	328,695	328,695	328,695	328,695	328,695
		47,453,247	47,559,659	47,711,036	47,735,414	47,721,534	47,824,701
389	Gen PI Land & Land Rights	29,839	29,839	29,839	29,839	29,839	29,839
390	Gen PI Struct & Improvements	7,857,860	7,857,860	7,857,860	7,857,860	7,857,860	7,857,860
391	Gen PI Off Furn & Equip	257,266	257,266	257,419	257,419	257,419	257,258
39110	Gen PI Off Equip - Tech	1,228,632	1,232,925	1,234,584	1,236,760	1,236,760	1,236,760
392	Gen PI Transportation Equip	2,730,880	2,768,744	2,731,435	2,731,435	2,762,137	2,762,137
393	Gen PI Stores Equip	187,322	187,322	187,322	187,322	187,322	187,322
394	Gen PI Tools Shop & Equip	550,635	550,635	550,635	550,635	550,635	550,635
395	Gen PI Laboratory Equip	82,384	82,384	82,384	82,384	82,384	82,384
396	Gen PI Power Oper Equip	576,333	576,333	576,333	576,333	576,333	576,333
397	Gen PI Communications Equip	886,247	886,247	886,247	886,247	886,247	886,247
39710	Gen PI Comm Equip - Fiber	1,364,862	1,364,862	1,364,862	1,364,862	1,364,862	1,364,862
39720	Gen PI Comm Equip - SCADA	1,464,099	1,464,099	1,464,099	1,464,099	1,464,099	1,464,099
398	Gen PI Misc Equip	46,201	46,201	46,201	46,201	46,201	46,201
399	Other Tangible Property	0	0	0	0	0	0
		17,262,561	17,304,718	17,269,221	17,271,398	17,302,100	17,301,938
Total Plant in Service		207,175,035	207,322,228	207,464,278	207,511,215	207,614,495	207,717,500

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Alaska Electric Light and Power Company

Revenue Requirement Study

Test Year Ending December 31, 2015

SCHEDULE 9A

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13 Month Plant Balances				New Backup Un	ND	Adjusted
Acct.	Description	Nov-15	Dec-15	13 Month Average	Proforma Adjustment	13 Month Average
302	Franchises & Consents	3,830,023	3,830,023	3,830,023	684,741	4,514,764
330	Hydro Lands & Land Rights	37,646	37,646	37,646		37,646
331	Hydro Structures & Improvements	14,678,160	14,678,160	14,676,626		14,676,626
332	Hydro Reservoirs Dams Wway	44,413,368	44,413,368	44,413,368		44,413,368
333	Hydro W/wheels Turbine Gen	7,957,735	7,957,735	7,948,234		7,948,234
334	Hydro Accessory Elec Equip	3,327,362	3,327,362	3,300,213		3,300,213
335	Hydro Misc Power PI Equip	822,236	858,080	822,873		822,873
336	Misc Rds Railroads Bridges	13,904,124	13,904,124	13,840,325		13,840,325
		85,140,630	85,176,475	85,039,286	0	85,039,286
340	Int Comb Land & Land Rights	97,047	97,047	97,047	1,992,179	2,089,226
34010	Int CombDepr. Land Improvements	13,603	13,603	13,603		13,603
341	Int Comb Struct & Improvements	2,255,791	2,255,791	2,255,791	2,661,261	4,917,052
342	Int Comb Fuel Hold Prod	1,208,574	1,199,149	1,190,724	861,474	2,052,197
343	Int Comb Prime Movers	16,932,780	16,932,780	16,904,852	8,191,749	25,096,602
344	Int Comb Generators				4,976,403	4,976,403
345	Int Comb Accessory Elect Equip	1,965,716	1,897,238	1,837,320	549,018	2,386,338
346	Int Comb Misc Power PI Equip	486,098	486,098	486,098	145,742	631,840
		22,959,609	22,881,706	22,785,435	19,377,826	42,163,261
350	Trans Land & Land Rights	22,837	22,837	22,837		22,837
352	Trans Structures & Improvements	1,223,805	1,223,805	1,223,805		1,223,805
353	Trans PI Station Equip	8,730,793	8,730,793	8,730,816	629,425	8,952,408
354	Trans Towers & Fixtures	1,923,358	2,030,398	1,931,592		1,931,592
355	Trans Poles & Fixtures	11,621,028	11,819,596	11,636,394	(1,591,051)	10,045,343
356	Trans O/H Conduit & Devices	4,402,947	4,522,973	4,412,226	(397,763)	4,014,463
357	Trans PI U/G Conduit	373,528	373,528	373,574		373,574
358	Trans U/G Conduit & Devices	2,151,765	2,151,765	2,151,788		2,151,788
359	Trans PI Roads & Trails	422,524	422,524	422,524		422,524
		30,872,585	31,298,219	30,905,557	629,425	29,138,335
360	Dist Land & Land Rights	242,931	242,931	242,931		242,931
361	Dist Structures & Improvements	597,450	597,450	597,133		597,133
362	Dist Sta Equip - Substation	5,778,704	5,887,472	5,774,716		5,774,716
364	Dist Poles Towers Fixtures	4,748,692	4,785,026	4,658,144	113,370	4,771,514
365	Dist O/H Conductor	9,718,986	9,728,574	9,716,389	10,447	9,726,836
366	Dist U/G Conduit	2,518,308	2,576,581	2,524,290		2,524,290
367	Dist U/G Conduit & Devices	6,633,349	6,760,961	6,603,450		6,603,450
368	Dist Line Transformers	7,781,488	7,872,692	7,743,298		7,743,298
369	U/G & O/H Services	4,815,056	4,807,311	4,807,668		4,807,668
370	Dist Plant Meters	4,669,348	4,706,804	4,586,309		4,586,309
371	Install on Cust Premises	0	0	0		0
372	Dist PI Leased Prop	0	0	0		0
373	Dist St Lights & Signals	328,695	328,695	328,695		328,695
		47,833,008	48,294,498	47,583,021	123,817	47,706,838
389	Gen PI Land & Land Rights	29,839	29,839	29,839		29,839
390	Gen PI Struct & Improvements	7,857,860	7,859,854	7,858,014		7,858,014
391	Gen PI Off Furn & Equip	257,258	225,535	252,024		252,024
39110	Gen PI Off Equip - Tech	1,236,760	1,167,019	1,214,229		1,214,229
392	Gen PI Transportation Equip	2,839,273	2,839,273	2,798,324		2,798,324
393	Gen PI Stores Equip	187,322	187,322	187,322		187,322
394	Gen PI Tools Shop & Equip	550,635	564,300	551,686		551,686
395	Gen PI Laboratory Equip	82,384	84,075	82,514		82,514
396	Gen PI Power Oper Equip	576,333	576,333	576,333	98,734	675,068
397	Gen PI Communications Equip	886,247	879,571	885,733	(11,123)	874,610
39710	Gen PI Comm Equip - Fiber	1,364,862	1,364,862	1,364,862		1,364,862
39720	Gen PI Comm Equip - SCADA	1,464,099	1,464,099	1,462,068		1,462,068
398	Gen PI Misc Equip	46,201	46,201	46,201		46,201
399	Other Tangible Property	0	0	0		0
		17,379,074	17,288,283	17,309,150	98,734	17,396,762
Total Plant in Service		208,014,929	208,769,205	207,452,472	20,914,544	(2,407,770) 225,959,246

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Alaska Electric Light and Power Company

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13 Month Accumulated Depreciation

Balances

Acct.	Description	Actual Dec-14	Actual Jan-15	Actual Feb-15	Actual Mar-15	Actual Apr-15
302	Franchises & Consents	584,557	590,940	597,323	603,706	610,089
330	Hydro Lands & Land Rights	0				
331	Hydro Structures & Improvements	2,833,435				
332	Hydro Reservoirs Dams Wway	8,556,348				
333	Hydro W/wheels Turbine Gen	2,784,432				
334	Hydro Accessory Elec Equip	1,416,182				
335	Hydro Misc Power PI Equip	356,940				
336	Misc Rds Railroads Bridges	2,476,073				
		18,423,410	18,564,629	18,705,848	18,847,067	18,987,279
340	Int Comb Land & Land Rights	5				
34010	Depreciable Int Comb Land Improver	11,846				
341	Int Comb Struct & Improvements	1,329,979				
342	Int Comb Fuel Hold Prod	930,776				
343	Int Comb Prime Movers	15,028,870				
344	Int Comb Generators					
345	Int Comb Accessy Elect Equip	1,313,829				
346	Int Comb Misc Power PI Equip	389,712				
		19,005,017	19,030,138	19,055,259	19,080,380	19,105,501
350	Trans Land & Land Rights	0				
352	Trans Structures & Improvements	994,117				
353	Trans PI Station Equip	2,851,073				
354	Trans Towers & Fixtures	339,472				
355	Trans Poles & Fixtures	5,312,862				
356	Trans O/H Conduct & Devices	3,240,924				
357	Trans PI U/G Conduit	212,899				
358	Trans U/G Conduct & Devices	893,122				
359	Trans PI Roads & Trails	69,181				
		13,913,650	14,006,047	14,098,444	14,190,841	14,283,236
360	Dist Land & Land Rights	0				
361	Dist Structures & Improvements	512,211				
362	Dist Sta Equip - Substation	3,420,464				
364	Dist Poles Towers Fixtures	3,362,370				
365	Dist O/H Conductor	6,890,884				
366	Dist U/G Conduit	1,794,502				
367	Dist U/G Conduct & Devices	4,257,899				
368	Dist Line Transformers	4,379,538				
369	U/G & O/H Services	3,781,167				
370	Dist Plant Meters	1,909,591				
371	Install on Cust Premises	4,816				
372	Dist PI Leased Prop	(11)				
373	Dist St Lights & Signals	333,458				
		30,646,889	30,767,579	30,888,339	31,007,230	31,121,577
389	Gen PI Land & Land Rights	0				
390	Gen PI Struct & Improvements	3,484,360				
391	Gen PI Off Furn & Equip	(26,766)				
39110	Gen PI Tech Equipment/Office	657,696				
392	Gen PI Transportation Equip	1,364,856				
393	Gen PI Stores Equip	164,324				
394	Gen PI Tools Shop & Equip	288,357				
395	Gen PI Laboratory Equip	10,069				
396	Gen PI Power Oper Equip	255,206				
397	Gen PI Communications Equip	971,029				
39710	Gen PI Commun. Equip-Fiber	511,145				
39720	Gen PI Commun. Equip-SCADA	1,389,501				
398	Gen PI Misc Equip	5,503				
399	Other Tangible Property	0				
		9,075,280	9,129,477	9,171,782	9,220,126	9,268,492
Total Accumulated Depreciation		91,648,803	92,088,810	92,516,996	92,949,350	93,376,174

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Alaska Electric Light and Power Company

Revenue Requirement Study

Test Year Ending December 31, 2015

**13 Month Accumulated Depreciation
Balances**

Acct.	Description	Actual May-15	Actual Jun-15	Actual Jul-15	Actual Aug-15	Actual Sep-15	Actual Oct-15
302	Franchises & Consents	616,472	622,093	628,349	634,605	640,861	647,117
330	Hydro Lands & Land Rights						
331	Hydro Structures & Improvements						
332	Hydro Reservoirs Dams Wway						
333	Hydro W/wheels Turbine Gen						
334	Hydro Accessory Elec Equip						
335	Hydro Misc Power PI Equip						
336	Misc Rds Railroads Bridges						
		19,124,540	19,400,817	19,564,809	19,728,801	19,892,793	20,056,955
340	Int Comb Land & Land Rights						
34010	Depreciable Int Comb Land Improver						
341	Int Comb Struct & Improvements						
342	Int Comb Fuel Hold Prod						
343	Int Comb Prime Movers						
344	Int Comb Generators						
345	Int Comb Accessy Elect Equip						
346	Int Comb Misc Power PI Equip						
		19,130,622	19,131,743	19,149,956	19,146,115	19,167,269	19,188,423
350	Trans Land & Land Rights						
352	Trans Structures & Improvements						
353	Trans PI Station Equip						
354	Trans Towers & Fixtures						
355	Trans Poles & Fixtures						
356	Trans O/H Conduct & Devices						
357	Trans PI U/G Conduit						
358	Trans U/G Conduct & Devices						
359	Trans PI Roads & Trails						
		14,375,631	14,405,317	14,487,261	14,569,205	14,651,149	14,733,093
360	Dist Land & Land Rights						
361	Dist Structures & Improvements						
362	Dist Sta Equip - Substation						
364	Dist Poles Towers Fixtures						
365	Dist O/H Conductor						
366	Dist U/G Conduit						
367	Dist U/G Conduct & Devices						
368	Dist Line Transformers						
369	U/G & O/H Services						
370	Dist Plant Meters						
371	Install on Cust Premises						
372	Dist PI Leased Prop						
373	Dist St Lights & Signals						
		31,235,223	31,244,645	31,311,708	31,409,254	31,505,793	31,608,420
389	Gen PI Land & Land Rights						
390	Gen PI Struct & Improvements						
391	Gen PI Off Furn & Equip						
39110	Gen PI Tech Equipment/Office						
392	Gen PI Transportation Equip						
393	Gen PI Stores Equip						
394	Gen PI Tools Shop & Equip						
395	Gen PI Laboratory Equip						
396	Gen PI Power Oper Equip						
397	Gen PI Communications Equip						
39710	Gen PI Commun. Equip-Fiber						
39720	Gen PI Commun. Equip-SCADA						
398	Gen PI Misc Equip						
399	Other Tangible Property						
		9,221,986	9,318,957	9,347,381	9,403,918	9,460,480	9,517,182
Total Accumulated Depreciation		93,704,474	94,123,572	94,489,464	94,891,898	95,318,345	95,751,190

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Alaska Electric Light and Power Company

Revenue Requirement Study

Test Year Ending December 31, 2015

13 Month Accumulated Depreciation
Balances

Acct.	Description	Actual Nov-15	Actual Dec-15	Average	New Backup Uni Proforma Adjustment	ND Proforma Adjustment	Adjusted 13 Month Average
302	Franchises & Consents	653,373	659,629	622,240	7,270		629,509
330	Hydro Lands & Land Rights		0	0			0
331	Hydro Structures & Improvements		3,175,399	3,018,355			3,018,355
332	Hydro Reservoirs Dams Wway		9,564,528	9,091,501			9,091,501
333	Hydro W/wheels Turbine Gen		2,961,420	2,814,959			2,814,959
334	Hydro Accessory Elec Equip		1,505,558	1,431,099			1,431,099
335	Hydro Misc Power PI Equip		375,894	357,304			357,304
336	Misc Rds Railroads Bridges		2,802,576	2,663,971			2,663,971
		20,221,117	20,385,375	19,377,188	0	0	19,377,188
340	Int Comb Land & Land Rights		5	5	0		5
34010	Depreciable Int Comb Land Improver		11,918	12,023			12,023
341	Int Comb Struct & Improvements		1,390,207	1,402,418	38,489		1,440,907
342	Int Comb Fuel Hold Prod		937,908	946,146	7,373		953,519
343	Int Comb Prime Movers		14,964,547	15,095,994	35,498		15,131,491
344	Int Comb Generators		0	0	72,780		72,780
345	Int Comb Accessory Elect Equip		1,232,622	1,243,449	5,115		1,248,564
346	Int Comb Misc Power PI Equip		397,728	401,222	1,303		402,524
		19,190,990	18,934,935	19,101,257	160,557	0	19,261,814
350	Trans Land & Land Rights		0	0			0
352	Trans Structures & Improvements		1,006,849	982,553			982,553
353	Trans PI Station Equip		3,084,185	3,009,762	9,103	(107,951)	2,910,914
354	Trans Towers & Fixtures		401,221	391,539			391,539
355	Trans Poles & Fixtures		5,698,760	5,561,246		(552,518)	5,008,729
356	Trans O/H Conduct & Devices		3,319,186	3,239,092		(145,011)	3,094,081
357	Trans PI U/G Conduit		218,767	213,488			213,488
358	Trans U/G Conduct & Devices		955,090	932,043			932,043
359	Trans PI Roads & Trails		79,285	77,372			77,372
		14,815,037	14,763,343	14,407,097	9,103	(805,480)	13,610,719
360	Dist Land & Land Rights		0	0			0
361	Dist Structures & Improvements		516,804	510,680			510,680
362	Dist Sta Equip - Substation		3,556,630	3,514,486			3,514,486
364	Dist Poles Towers Fixtures		3,515,986	3,474,323	3,347		3,477,670
365	Dist O/H Conductor		7,096,469	7,012,379	124		7,012,503
366	Dist U/G Conduit		1,841,119	1,819,303			1,819,303
367	Dist U/G Conduct & Devices		4,303,701	4,252,704			4,252,704
368	Dist Line Transformers		4,529,580	4,475,907			4,475,907
369	U/G & O/H Services		3,926,749	3,880,219			3,880,219
370	Dist Plant Meters		1,979,618	1,956,161			1,956,161
371	Install on Cust Premises		4,816	4,759			4,759
372	Dist PI Leased Prop		(11)	(11)			(11)
373	Dist St Lights & Signals		337,958	333,953			333,953
		31,697,147	31,609,419	31,234,863	3,471	0	31,238,334
389	Gen PI Land & Land Rights		0	0			0
390	Gen PI Struct & Improvements		3,673,607	3,642,025			3,642,025
391	Gen PI Off Furn & Equip		(123,442)	(122,381)			(122,381)
39110	Gen PI Tech Equipment/Office		679,137	673,298			673,298
392	Gen PI Transportation Equip		1,393,014	1,381,038			1,381,038
393	Gen PI Stores Equip		171,260	169,788			169,788
394	Gen PI Tools Shop & Equip		288,925	286,441			286,441
395	Gen PI Laboratory Equip		13,501	13,385			13,385
396	Gen PI Power Oper Equip		283,442	281,005	2,621		283,626
397	Gen PI Communications Equip		1,014,302	1,005,582		(8,344)	997,238
39710	Gen PI Commun. Equip-Fiber		575,153	570,208			570,208
39720	Gen PI Commun. Equip-SCADA		1,420,344	1,408,133			1,408,133
398	Gen PI Misc Equip		7,351	7,288			7,288
399	Other Tangible Property		0	0			0
		9,573,882	9,396,594	9,315,811	2,621	(8,344)	9,310,087
Total Accumulated Depreciation		96,151,546	95,749,295	94,058,455	183,020	(813,824)	93,427,651

Tariff Advice No. 453-1
Alaska Electric Light and Power Company
Revenue Requirement Study
Test Year Ending December 31, 2015
Deferred Charges

SCHEDULE 9C
3 AAC 48.275(a)(9)

Line
No.

1		<u>Calculation of Unamortized Diesel Overhaul Expense, Dam Investigation</u>								
2		Acct. 18680	Acct. 18681	Acct. 18682	Acct. 18683	Acct. 18684	Acct. 18686	Acct. 18687	Acct. 18642	
3		<u>Overhaul</u>	<u>Overhaul</u>	<u>Overhaul</u>	<u>Overhaul</u>	<u>Overhaul</u>	<u>Overhaul</u>	<u>Overhaul</u>		
4		<u>No. 1</u>	<u>No. 2</u>	<u>No. 3</u>	<u>No. 7</u>	<u>No. 5</u>	<u>No. 10</u>	<u>No. 6</u>	<u>FERC Salmon</u>	
5	<u>MONTH</u>	<u>Diesel</u>	<u>Diesel</u>	<u>Diesel</u>	<u>Diesel</u>	<u>Gas Turbine</u>	<u>Diesel</u>	<u>Gas Turbine</u>	<u>Cr Dam Invest.</u>	<u>TOTAL</u>
6	Dec-14	253,487	292,145	62,298	270,880	547,023	281,811	0	443,517	2,151,162
7	Jan-15	253,487	292,145	62,296	270,880	546,954	281,811	0	438,897	2,146,471
8	Feb-15	253,466	292,120	62,288	270,880	546,954	281,764	0	434,277	2,141,750
9	Mar-15	253,423	292,072	62,262	270,835	546,954	281,764	0	429,657	2,136,967
10	Apr-15	253,423	292,072	62,262	270,835	546,954	281,764	0	425,037	2,132,347
11	May-15	253,423	292,072	62,262	270,835	546,954	281,764	0	420,417	2,127,727
12	Jun-15	253,423	292,072	62,262	270,835	546,954	281,764	0	415,797	2,123,107
13	Jul-15	253,380	292,072	62,250	270,790	546,816	281,741	527,277	411,177	2,645,501
14	Aug-15	253,380	292,072	62,250	270,790	546,816	281,741	527,079	406,557	2,640,684
15	Sep-15	253,380	292,072	62,250	270,790	546,747	281,741	527,010	401,937	2,635,926
16	Oct-15	253,251	291,901	62,173	270,722	546,471	281,670	527,013	397,317	2,630,519
17	Nov-15	253,122	291,780	62,097	270,722	546,471	281,529	527,013	392,698	2,625,431
18	Dec-15	253,100	291,731	62,084	270,677	546,402	281,506	526,947	388,078	2,620,524
19	TOTAL:	3,293,744	3,796,323	809,035	3,520,470	7,108,470	3,662,370	3,162,338	5,405,366	30,758,116
20	AVERAGE:	253,365	292,025	62,233	270,805	546,805	281,721	243,257	415,797	2,366,009

Carry to Schedule 9, Line 5

Adjustment to Deferred Taxes Due to Book/Tax Depreciation Differences on New Backup Unit

Line No.			
1	Estimated depreciable addition eligible for bonus depr	16,874,394	
2	50% bonus	0.5	8,437,197
3	Remaining taxable basis on bonus eligible property	8,437,197	
4	MACRS rate, year 1 for 15-year prop	0.05	
5	MACRS depreciation, year 1, remaining bonus-elig prop		421,860
6			
7	Structures and Improvements, not elig for bonus depr	2,883,032	
8	SL rate, year 1, month 10 for 39-year prop	0.00535	
9	SL depreciation, year 1, structures & improvements		15,424
10			
11	Intangible asset, not elig for bonus depr	741,803	
12	SL rate, year 1, 50-year prop	0.01	
13	SL depreciation, year 1, intangible assets		7,418
14			
15	Total depreciable plant	20,499,229	
16	Total tax depreciation		8,881,899
17			
18	Remaining taxable basis after MACRS		11,617,330
19			
20	Book basis - depreciable	20,499,229	
21	Book depreciation, 1 year	366,040	
22	Remaining book basis		20,133,189
23			
24	Book/Tax Difference		(8,515,859)
25	Statutory Tax Rate, combined		0.4111
26	Increase to ADIT - carry to Schedule 9, (f)		(3,500,870)

Tariff Advice No. 453-1
Alaska Electric Light and Power Company
SUMMARY OF UTILITY PLANT AND
ACCUMULATED DEPRECIATION FOR TEST
YEAR ENDING 12/31/2015

SCHEDULE 10
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					2015				2014			
ACCOUI	DESCRIPTION	Depreciation Method	Asset Life in Years	Net Salvage	Plant Balance	Current Yr Depr Expense	Accumulated Depreciation	Net Plant Balance	Plant Balance	Current Yr Depr Expense	Accumulated Depreciation	Net Plant Balance
INTANGIBLE PLANT												
30200	FRANCHISES & CONSENTS	straight line	50	0	3,830,023	75,072	659,629	3,170,394	3,830,023	76,596	584,557	3,245,466
					3,830,023	75,072	659,629	3,170,394	3,830,023	76,596	584,557	3,245,466
HYDRO PRODUCTION PLANT												
33000	LAND & LAND RIGHTS				37,646	0	0	37,646	37,646	0	0	37,646
33100	STRUCTURES & IMPROVEMENTS	straight line	75	-20.00%	14,678,160	341,964	3,175,399	11,502,761	14,675,944	381,505	2,833,435	11,842,509
33200	RESERVOIRS/DAMS/WATERWAYS	straight line	75	-10.00%	44,413,368	1,008,180	9,564,528	34,848,840	44,413,368	725,921	8,556,348	35,857,020
33300	WATER WHEELS/TURBINES/GEN	straight line	45	-10.00%	7,957,735	181,996	2,961,420	4,996,315	7,936,611	205,836	2,784,432	5,152,179
33400	ACCESSORY ELECTRIC EQUIP.	straight line	35	-5.00%	3,327,362	89,376	1,505,558	1,821,804	3,295,277	78,756	1,416,182	1,879,095
33500	MISC. POWER PLANT EQUIP.	straight line	40	-5.00%	858,080	20,331	375,894	482,186	816,450	16,479	356,940	459,510
33600	ROADS AND BRIDGES	straight line	50	0.00%	13,904,124	326,503	2,802,576	11,101,548	13,813,409	266,256	2,476,073	11,337,336
					85,176,475	1,968,350	20,385,375	64,791,100	84,988,705	1,674,753	18,423,410	66,565,295
INTERNAL COMBUSTION PLANT												
34000	LAND AND LAND RIGHTS			-	97,047	0	5	97,042	97,047	0	5	97,042
34010	INTER. COMBUST. DEPR. LAND IMPRC	straight line	55	-10.00%	13,603	72	11,918	1,685	13,603	144	11,846	1,757
34100	STRUCTURES & IMPROVEMENTS	straight line	50	-10.00%	2,255,791	60,228	1,390,207	865,584	2,255,791	56,844	1,329,979	925,812
34200	FUEL HOLDERS/PROD/ACCESS	straight line	30	-20.00%	1,199,149	18,806	937,908	261,241	1,188,335	31,368	930,776	257,559
34300	PRIME MOVERS	straight line	50	-10.00%	16,932,780	135,220	14,964,547	1,968,233	16,887,397	151,992	15,028,870	1,858,527
34500	ACCESSORY ELECTRIC EQUIP.	straight line	35	-10.00%	1,897,238	31,517	1,232,622	664,616	1,817,502	53,598	1,313,829	503,673
34600	MISC. POWER PLANT EQUIP.	straight line	45	0.00%	486,098	8,016	397,728	88,370	486,098	6,937	389,712	96,386
					22,881,706	253,859	18,934,935	3,946,771	22,745,774	300,883	19,005,017	3,740,757
TRANSMISSION PLANT												
35000	LAND AND LAND RIGHTS			-	22,837	0	0	22,837	22,837	0	0	22,837
35200	STRUCTURES & IMPROVEMENTS	straight line	50	-5.00%	1,223,805	12,732	1,006,849	216,956	1,223,805	13,092	994,117	229,688
35300	STATION EQUIPMENT	straight line	40	-10.00%	8,730,793	233,112	3,084,185	5,646,608	8,730,893	234,864	2,851,073	5,879,820
35400	TOWERS & FIXTURES	straight line	32	-35.00%	2,030,398	94,440	401,221	1,629,177	1,923,358	72,204	339,472	1,583,886
35500	POLES & FIXTURES	straight line	42	-50.00%	11,819,596	420,687	5,698,760	6,120,836	11,621,428	493,908	5,312,862	6,308,566
35600	O/H CONDUCTORS & DEVICES	straight line	45	-50.00%	4,522,973	144,420	3,319,186	1,203,787	4,403,147	203,556	3,240,924	1,162,223
35700	U/G CONDUIT	straight line	50	-5.00%	373,528	5,868	218,767	154,761	373,728	5,340	212,899	160,829
35800	U/G CONDUCTORS & DEVICES	straight line	30	0.00%	2,151,765	61,968	955,090	1,196,675	2,151,865	61,230	893,122	1,258,743
35900	ROADS & TRAILS	straight line	50	-20.00%	422,524	10,104	79,285	343,239	422,524	10,224	69,181	353,343
					31,298,219	983,331	14,763,343	16,534,876	30,873,585	1,094,418	13,913,650	16,959,935

Tariff Advice No. 453-1
Alaska Electric Light and Power Company
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ACCUMULATED DEPRECIATION FOR TEST
YEAR ENDING 12/31/2015

SCHEDULE 10
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					2015				2014			
ACCOU	DESCRIPTION	Depreciation Method	Asset Life in Years	Net Salvage	Plant Balance	Current Yr Depr Expense	Accumulated Depreciation	Net Plant Balance	Plant Balance	Current Yr Depr Expense	Accumulated Depreciation	Net Plant Balance
DISTRIBUTION PLANT												
36000	LAND AND LAND RIGHTS			-	242,931	0	0	242,931	242,931	0	0	242,931
36100	STRUCTURES & IMPROVEMENTS	straight line	48	-5.00%	597,450	5,372	516,804	80,646	596,503	6,204	512,211	84,292
36200	STATION EQUIPMENT	straight line	40	-15.00%	5,887,472	146,442	3,556,630	2,330,842	5,743,280	148,251	3,420,464	2,322,816
36400	POLES, TOWERS & FIXTURES	straight line	32	-60.00%	4,785,026	253,292	3,515,986	1,269,040	4,585,971	377,324	3,362,370	1,223,601
36500	O/H CONDUCTOR	straight line	50	-30.00%	9,728,574	211,797	7,096,469	2,632,105	9,711,920	173,909	6,890,884	2,821,036
36600	U/G CONDUIT	straight line	50	-20.00%	2,576,581	46,617	1,841,119	735,462	2,520,740	44,318	1,794,502	726,238
36700	U/G CONDUCTORS/DEVICES	straight line	42	5.00%	6,760,961	90,945	4,303,701	2,457,260	6,540,428	155,626	4,257,899	2,282,529
36800	LINE TRANSFORMERS	straight line	37	-5.00%	7,872,692	203,364	4,529,580	3,343,112	7,651,324	199,537	4,379,538	3,271,786
36900	U/G & O/H SERVICES	straight line	40	-35.00%	4,807,311	150,482	3,926,749	880,562	4,794,516	144,693	3,781,167	1,013,349
37000	PLANT METERS	straight line	25	0.00%	4,706,804	190,827	1,979,618	2,727,186	4,509,781	146,136	1,909,591	2,600,190
37100	INSTALL ON CUST PREMISES	straight line	22	-10.00%	0	0	4,816	(4,816)	0	819	4,816	(4,816)
37200	LEASED PROPERTY	straight line	15	0.00%	0	0	(11)	11	0	0	(11)	11
37300	STREET LIGHTS & SIGNALS	straight line	30	-5.00%	328,695	4,500	337,958	(9,263)	328,695	12,552	333,458	(4,763)
					48,294,498	1,303,638	31,609,419	16,685,079	47,226,090	1,409,369	30,646,889	16,579,201
GENERAL PLANT												
38900	LAND AND LAND RIGHTS			-	29,839	0	0	29,839	29,839	0	0	29,839
39000	STRUCTURES & IMPROVEMENTS	straight line	40	0.00%	7,859,854	190,944	3,673,607	4,186,247	7,857,860	193,262	3,484,360	4,373,500
39100	OFFICE FURNITURE/EQUIPMENT	straight line	14	0.00%	225,535	(64,953)	(123,442)	348,977	248,631	(34,217)	(26,766)	275,397
39110	GEN PLANT TECH EQUIP/OFFICE	straight line	7	0.00%	1,167,019	174,076	679,137	487,882	1,182,638	173,075	657,696	524,942
39200	TRANSPORTATION EQUIPMENT	straight line	11	15.00%	2,839,273	151,767	1,393,014	1,446,259	2,842,579	68,941	1,364,856	1,477,723
39300	STORES EQUIPMENT	straight line	27	0.00%	187,322	6,936	171,260	16,062	187,322	2,208	164,324	22,998
39400	TOOLS/SHOP EQUIPMENT	straight line	15	0.00%	564,300	36,732	288,925	275,375	550,635	25,125	288,357	262,278
39500	LABORATORY EQUIPMENT	straight line	24	0.00%	84,075	3,432	13,501	70,574	82,384	3,252	10,069	72,315
39600	POWER OPERATED EQUIPMENT	straight line	11	25.00%	576,333	28,236	283,442	292,891	576,333	(2,007)	255,206	321,127
39700	COMMUNICATIONS EQUIPMENT	straight line	16	0.00%	879,571	55,392	1,014,302	(134,732)	886,247	71,068	971,029	(84,782)
39710	GEN PLANT COMMUN EQUIP/FIBER	straight line	20	0.00%	1,364,862	64,008	575,153	789,709	1,364,862	68,112	511,145	853,717
39720	GEN PLANT COMMUN EQUIP/SCADA	straight line	16	-2.00%	1,464,099	30,843	1,420,344	43,755	1,455,301	25,729	1,389,501	65,800
39800	MISC. EQUIPMENT	straight line	25	0.00%	46,201	1,848	7,351	38,850	46,201	180	5,503	40,698
					17,288,283	679,261	9,396,594	7,891,689	17,310,833	594,728	9,075,280	8,235,553
TOTAL ELECTRIC PLANT					208,769,205	5,263,511	95,749,295	113,019,910	206,975,010	5,150,747	91,648,803	115,326,207
Reconcile to Sch. 2 for Depreciation Expense												
Depreciation charged to 18480 - Transportation Clearing					(151,767)							
Sch. 2 Balance for Depreciation Expense					208,769,205	5,111,744	95,749,295	113,019,910	206,975,010	5,081,806	91,648,803	115,326,207

COMPUTATION OF WORKING CAPITAL

Line No.

1	TOTAL 2015 OPERATING EXPENSES (Sch. 6A)	\$27,747,908
2	KNOWN CHANGES IN OPERATING EXPENSES (Sch. 6A)	621,883
3	TOTAL PROFORMA OPERATING EXPENSES:	28,369,791
4	LESS: PROFORMA DEPRECIATION (Sch. 6A)	(5,477,784)
5	REMOVE AMOUNT EXPENSED FOR PREPAIDS	(1,536,342)
6	TOTAL ADJUSTED OPERATING EXPENSES	21,355,665
7		
8	12.5% OF ADJUSTED OPERATING EXPENSES:	2,669,458
9		
10	ADD (See calculation shown below):	
11	MATERIALS AND SUPPLIES	2,155,182
12	PREPAYMENTS, LESS 13-MONTH AVERAGE FOR LOBBYI	496,853
13		
14		
15		
16	TOTAL WORKING CAPITAL:	\$5,321,493

18	SOURCE INFORMATION: WORKING CAPITAL,		
19	MATERIALS-SUPPLIES/PREPAYMENTS/DEFERRED CHGS		
20	MATERIALS -		
21	SUPPLIES REPAYMENTS		
22	ACCT. NO.	151-163	165
23	MONTH		
24	Dec-14	2,204,485	465,239
25	Jan-15	2,221,069	978,532
26	Feb-15	2,240,817	861,545
27	Mar-15	2,246,902	770,627
28	Apr-15	2,148,456	691,728
29	May-15	2,126,335	601,691
30	Jun-15	2,103,090	509,084
31	Jul-15	2,192,428	455,966
32	Aug-15	2,223,855	368,318
33	Sep-15	2,138,845	261,916
34	Oct-15	2,017,963	175,944
35	Nov-15	2,021,768	110,554
36	Dec-15	2,131,352	400,454
37	AVERAGE:	2,155,182	511,661

CAPITALIZATION SCHEDULE

Line No	Description	CAPITAL COMPONENT	AS A % OF CAPITAL'ZN	COST	WEIGHTEC COST
1	COMMON EQUITY	104,347,335	58.18%	13.80%	8.03%
2	LONG TERM DEBT	75,000,000	41.82%	4.67%	1.95%
3	TOTAL CAPITALIZATION:	179,347,335	100%		9.98%

Tariff Advice No. 453-1
Alaska Electric Light and Power Company
Revenue Requirement Study
Test Year Ending December 31, 2015

SCHEDULE 13
3 AAC 48.275(a)(13)

SCHEDULE OF LONG-TERM DEBT

Line No.	DESCRIPTION	COUPON RATE (a)	SETTLEMENT DATE (b)	DATE OF MATURITY (c)	PRINCIPAL AMOUNT (d)	ISSUANCE COSTS (e)	LOSS ACQ. EXPENSES (f)	NET PROCEEDS (g)	YTM (h)	OUTSTANDING AMOUNT (i)	EFFECTIVE COST (j)
1	BONDS:										
2											
3	SERIES 2044 BOND	4.540%	9/22/2014	9/1/2044	75,000,000	842,014	724,590	73,433,396	4.67%	75,000,000	3,502,500
4											

CALCULATION OF REVENUE REQUIREMENT, DEFICIENCY AND RATE INCREASE - CALCULATED AT 12.875% ROE

Line No.	DESCRIPTION	AMOUNT	SOURCE
1	Operating Expenses, Excluding Income Taxes	\$27,747,908	Sch. 6
2	Known Changes	\$621,883	Sch. 6
3	Total Operating Expenses and Known Changes	\$28,369,791	
4	Add:	\$11,614,684	
5	Return of: 9.44%		Sch. 12
6	on avg. rate base of: 123,036,902		Sch. 9
7	Income Taxes	\$6,252,254	Sch. 8
8	Total Proforma Revenue Requirement	\$46,236,729	
9			
10	Less: Other Operating Revenues	\$497,554	Sch. 6
11	Less: Proforma Test Year Firm Revenues	\$34,351,132	Sch. 6 Line 2
12	Less: Contract Hatchery Revenues	\$72,851	Report UB50801 Rate 29
13	Less: Dual Fuel Margins Retained	\$89,742	Sch. 7B Line 21 (k)
14	Less: Test Year Greens Creek Revenues Retained	\$6,653,760	Sch. 7A Line 28 (d)
15	Total Revenue Deficiency	\$4,571,690	Line 8 - Lines 10 to 14
16			
17	Less: Proposed Additional Greens Creek Revenues Retained	\$2,915,913	Sch. 7A Line 27 (e) - Line 14
18			
19	Revenue Deficiency to be Recovered through Firm Rates	\$1,655,777	Line 15 - Line 17
20			
21	Revenue Deficiency as a % of Firm Revenues	4.82%	Line 19 / Line 11
22			
23	Proposed Interim Increase to Firm Base Rates (Customer, Demand & Energy Charges)	3.86%	
24			
25	Proposed Interim Increase / Revenue Deficiency from Firm Rates	80.00%	Line 23 / Line 21
26			
27	Revenue Deficiency to be Recovered through Firm Rates	\$1,324,621	Line 19 x Line 25
28	Revenue Deficiency if Additional Retained GC Revenue Not Approved	\$2,915,913	Line 17
29	Total Revenue Deficiency without Interim Relief	\$4,240,534	Line 27 + Line 28

FEDERAL AND STATE INCOME TAX PROVISION - CALCULATED AT 12.875% ROE

Line No.	Description	Amount
1	NET INCOME AFTER TAXES:	\$9,215,464
2	(RATE BASE X WEIGHTED EQUITY)	
3	13-MONTH RATE BASE: (Sch. 9) \$123,036,902	
4	WEIGHTED EQUITY: (Sch. 12) 7.49%	
5		
6	COMPUTATION OF TAXES:	
7	INCOME BEFORE TAX: 15,467,718	
8	STATE INCOME TAX	
9	\$10,830 + 9.4% X (INCOME BEFORE TAX - \$222,000)	1,443,927
10	FEDERAL INCOME TAX	
11	(INCOME BEFORE TAX - STATE TAX)	4,808,327
12	at 34% for first \$10,000,000 and 35% for amount > \$10,000,000	
13	TOTAL INCOME TAX PROVISION	6,252,254

Tariff Advice No.
Alaska Electric Light and Power Company
Revenue Requirement Study
Test Year Ending December 31, 2015

ALTERNATE SCHEDULE 12
3 AAC 48.275(a)(12)

CAPITALIZATION SCHEDULE - CALCULATED AT 12.875% ROE

Line No	Description	CAPITAL COMPONENT	AS A % OF CAPITAL'ZN	COST	WEIGHTED COST
1	COMMON EQUITY	104,347,335	58.18%	12.875%	7.49%
2	LONG TERM DEBT	75,000,000	41.82%	4.67%	1.95%
3	TOTAL CAPITALIZATION:	179,347,335	100%		9.44%



ALASKA ELECTRIC LIGHT AND POWER COMPANY
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Financial Statements

December 31, 2015 and 2014

(With Independent Auditors' Report Thereon)

ALASKA ELECTRIC LIGHT AND POWER COMPANY
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

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KPMG LLP
Suite 600
701 West Eighth Avenue
Anchorage, AK 99501

Independent Auditors' Report

The Board of Directors
Alaska Electric Light and Power Company:

We have audited the accompanying financial statements of Alaska Electric Light and Power Company (a wholly owned subsidiary of Alaska Energy and Resources Company) (Company), which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income, changes in capital and retained earnings, and cash flows for the year ended December 31, 2015 and for the periods from July 1, 2014 to December 31, 2014 (Successor period), and from January 1, 2014 to June 30, 2014 (Predecessor period) and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alaska Electric Light and Power Company as of December 31, 2015 and 2014 and the results of its operations and its cash flows for the year ended December 31, 2015 and for the periods from July 1, 2014 to December 31, 2014 (Successor period), and from January 1, 2014 to June 30, 2014 (Predecessor period), respectively, in conformity with U.S. generally accepted accounting principles.



Emphasis of Matter

As discussed in note 1 to the financial statements, effective July 1, 2014, Avista Corporation (a public company) acquired all of the outstanding stock of Alaska Energy and Resources Company in a business combination accounted for as a purchase. As a result of the acquisition, the financial information for the periods after the acquisition is presented on a different cost basis than that for the periods before the acquisition and, therefore, is not comparable. Our opinion is not modified with respect to this matter.

KPMG LLP

April 15, 2016

ALASKA ELECTRIC LIGHT AND POWER COMPANY
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Balance Sheets

December 31, 2015 and 2014

Assets	Successor	
	2015	2014
Utility plant, at cost:		
Hydraulic plant	\$ 67,412,413	67,224,645
Internal combustion plant	3,980,299	3,844,367
Distribution and transmission system	35,709,900	34,216,857
General plant	11,133,426	11,866,659
Franchises	3,283,764	3,283,764
	<u>121,519,802</u>	<u>120,436,292</u>
Less accumulated depreciation	<u>(5,499,088)</u>	<u>(1,398,595)</u>
	116,020,714	119,037,697
Construction work in progress	<u>10,686,708</u>	<u>897,221</u>
Total utility plant	126,707,422	119,934,918
Other property, plant, and equipment, net of accumulated depreciation	<u>232,326</u>	<u>233,943</u>
Total property, plant, and equipment	126,939,748	120,168,861
Utility property under capital lease, net (note 6)	65,545,383	69,186,793
Current assets:		
Cash and cash equivalents	3,786,212	3,744,589
Accounts receivable, net (note 2)	5,694,340	5,474,217
Income taxes receivable (note 8)	421,726	1,208,329
Materials and supplies	2,131,352	2,204,485
Prepaid expenses	<u>400,454</u>	<u>465,239</u>
Total current assets	12,434,084	13,096,859
Other assets:		
Deferred charges:		
Studies	761,801	1,384,510
Major overhaul of generating units	2,232,447	1,707,645
Unamortized debt expense	2,720,520	3,152,346
Other	<u>86,388</u>	<u>857,285</u>
Total other assets	5,801,156	7,101,786
Other investments (note 3)	339,884	323,168
Goodwill	<u>52,425,863</u>	<u>52,729,409</u>
Total assets	<u>\$ 263,486,118</u>	<u>262,606,876</u>
Capital and Retained Earnings and Liabilities		
Capital and retained earnings:		
Common stock:		
Common stock of no par value. Authorized, 100,000 shares; outstanding, 20,000 shares	\$ 8,367,272	8,367,272
Paid-in capital	89,222,639	90,691,855
Retained earnings	<u>6,757,424</u>	<u>1,152,292</u>
Total capital and retained earnings	104,347,335	100,211,419
Long-term debt (notes 4 and 5)	75,000,000	75,000,000
Long-term capital lease obligation, net of portion due within one year (notes 4 and 6)	62,160,000	67,725,000
Current liabilities:		
Accounts payable and accrued expenses	1,899,919	1,917,439
Accrued interest payable	1,149,154	938,591
Customer deposits	505,299	543,880
Capital lease obligation due within 1 year (notes 4 and 6)	<u>2,295,000</u>	<u>2,230,000</u>
Total current liabilities	5,849,372	5,629,910
Deferred credits	1,213,383	130,000
Deferred tax liability (note 8)	14,916,028	13,910,547
Commitments and contingencies (notes 5, 6, 7, 9 and 10)		
Total capital and retained earnings and liabilities	<u>\$ 263,486,118</u>	<u>262,606,876</u>

See accompanying notes to financial statements.

ALASKA ELECTRIC LIGHT AND POWER COMPANY
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Statements of Income

	Successor		Predecessor
	Year ended December 31, 2015	Period from July 1, 2014 through December 31, 2014	Period from January 1, 2014 through June 30, 2014
Operating revenues:			
Electric power sales:			
Residential	\$ 17,182,000	7,543,863	9,815,676
Commercial and industrial	19,055,237	8,963,438	9,654,767
Street lighting	201,616	139,478	139,817
Government agencies	6,428,336	3,052,263	3,797,893
Cost-of-power adjustment	(1,501,348)	(645,632)	(770,682)
Other	497,554	263,378	263,015
Estimated unbilled utility revenue	(43,410)	1,029,885	1,611,147
	<u>41,819,985</u>	<u>20,346,673</u>	<u>24,511,633</u>
Operating expenses:			
Operations	18,513,049	9,229,462	9,380,154
Maintenance	3,235,285	1,926,756	1,513,204
Depreciation – plant	5,111,744	2,548,421	2,533,385
Taxes, other than income taxes	887,830	420,819	463,930
Income taxes (note 8)	<u>4,108,652</u>	<u>1,770,762</u>	<u>3,799,412</u>
	<u>31,856,560</u>	<u>15,896,220</u>	<u>17,690,085</u>
Operating income	<u>9,963,425</u>	<u>4,450,453</u>	<u>6,821,548</u>
Other income (expense):			
Jobbing revenues	10,370	7,591	373
Jobbing expenses	(17,565)	(8,047)	(6,130)
Interest	74,888	4,006	109,591
Allowance for funds used during construction	371,913	132,943	53,531
Income tax on other income and expense (note 8)	(114,423)	(45,678)	(56,127)
Other	<u>(155,268)</u>	<u>(19,367)</u>	<u>(13,446)</u>
Other income	<u>169,915</u>	<u>71,448</u>	<u>87,792</u>
Income before interest expense	<u>10,133,340</u>	<u>4,521,901</u>	<u>6,909,340</u>
Interest expense	3,590,229	1,388,663	973,515
Less allowance for borrowed funds used during construction	<u>(98,162)</u>	<u>(19,052)</u>	<u>(7,673)</u>
	<u>3,492,067</u>	<u>1,369,611</u>	<u>965,842</u>
Net income	<u>\$ 6,641,273</u>	<u>3,152,290</u>	<u>5,943,498</u>

See accompanying notes to financial statements.

ALASKA ELECTRIC LIGHT AND POWER COMPANY
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Statements of Changes in Capital and Retained Earnings

	<u>Common stock</u>	<u>Paid-in capital</u>	<u>Retained earnings</u>	<u>Total</u>
Predecessor balances at January 1, 2014	\$ 8,367,272	6,771,451	77,264,929	92,403,652
Dividends on common stock – \$100.87 per share	—	—	(2,017,432)	(2,017,432)
Net Income	—	—	5,943,498	5,943,498
Predecessor balances at June 30, 2014	8,367,272	6,771,451	81,190,995	96,329,718
Purchase accounting adjustments	—	133,920,404	(81,190,995)	52,729,409
Dividends on paid-in capital	—	(50,000,000)	—	(50,000,000)
Net income	—	—	3,152,290	3,152,290
Dividends on common stock – \$100.00 per share	—	—	(1,999,998)	(1,999,998)
Successor Balances at December 31, 2014	8,367,272	90,691,855	1,152,292	100,211,419
Purchase accounting adjustments	—	(1,469,216)	1,563,859	94,643
Net income	—	—	6,641,273	6,641,273
Dividends on common stock – \$130.00 per share	—	—	(2,600,000)	(2,600,000)
Successor Balances at December 31, 2015	\$ <u>8,367,272</u>	<u>89,222,639</u>	<u>6,757,424</u>	<u>104,347,335</u>

See accompanying notes to financial statements.

ALASKA ELECTRIC LIGHT AND POWER COMPANY
(A Wholly Owned Subsidiary of Alaska Energy Resources Company)

Statements of Cash Flows

	Successor		Predecessor
	Year ended December 31, 2015	Period from July 1, 2014 through December 31, 2014	Period from January 1, 2014 through June 30, 2014
Operating activities:			
Net income	\$ 6,641,273	3,152,290	5,943,498
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation – plant	5,111,744	2,548,421	2,533,385
Depreciation – operations	153,384	35,583	35,785
Amortization of premium on long-term debt	—	(216,128)	(14,069)
Allowance for funds used during construction	(470,075)	(151,995)	(61,204)
Deferred taxes	1,005,481	616,042	872,817
Amortization of purchase power commitment	—	—	1,052,502
Amortization of utility property under capital lease	2,169,972	1,052,498	—
Changes in assets and liabilities that provided (used) cash:			
Accounts receivable, net	(220,123)	(1,154,809)	(995,626)
Income tax payable (receivable)	1,184,792	(1,640,769)	610,558
Materials and supplies	73,133	(187,709)	204,097
Prepaid expenses	64,785	496,008	(784,241)
Cost-of-power adjustment	(131,795)	(21,298)	(17,934)
Other assets	515,707	(1,181,728)	397,103
Accounts payable and accrued expenses	114,275	(156,968)	260,324
Accrued interest payable	210,563	778,610	(2,242)
Customer deposits	(38,581)	(23,248)	24,521
Deferred credits	—	(1,750)	(3,000)
Net cash provided by operating activities	16,384,535	3,943,050	10,056,274
Investing activities:			
Additions to utility plant	(11,928,589)	(1,379,981)	(2,716,254)
Proceeds (cost) remove utility plant	362,649	(176,377)	37,590
Net cash used in investing activities	(11,565,940)	(1,556,358)	(2,678,664)
Financing activities:			
Proceeds from issuance of long-term debt	—	75,000,000	—
Principal payments on long-term debt and capital lease obligation	(2,169,972)	(39,668,428)	(1,286,417)
Dividends paid on common stock	(2,600,000)	(1,999,998)	(2,017,432)
Dividends paid on paid-in-capital	—	(50,000,000)	—
Contributions in aid of construction, net of refunds	(7,000)	56,500	16,500
Net cash used in financing activities	(4,776,972)	(16,611,926)	(3,287,349)
Net increase (decrease) in cash and cash equivalents	41,623	(14,225,234)	4,090,261
Cash and cash equivalents:			
Beginning of period	3,744,589	17,969,823	13,879,562
End of period	\$ 3,786,212	3,744,589	17,969,823
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest, net of amounts capitalized	\$ 3,205,176	553,123	886,026
Income taxes	3,492,177	2,730,000	2,700,000

See accompanying notes to financial statements.

ALASKA ELECTRIC LIGHT AND POWER COMPANY
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Notes to Financial Statements

December 31, 2015 and 2014

(1) Summary of Significant Accounting Policies

(a) Operations

Alaska Electric Light and Power Company (Company or AELP), is a wholly owned subsidiary of Alaska Energy and Resources Company (AERC). All of the Company's customers are located in the Southeast region of the State of Alaska. The Company is a public utility subject to regulation by the Regulatory Commission of Alaska (RCA) with respect to its rates for service and follows the Federal Energy Regulatory Commission (FERC) guidelines for maintenance of its accounting records. The Company meets the criteria, and accordingly, follows the accounting and reporting requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 980, *Regulated Operations*.

AERC was purchased by Avista Corporation (Avista, also referred to as the Buyer) pursuant to an agreement and plan of merger (also referred to as the Merger) dated November 4, 2013. The acquisition was completed on July 1, 2014, with the consideration of 4.5 million shares of Avista common stock and paid transaction costs of \$4,700,000 on behalf of AERC for a total purchase price of \$154,816,380, at which time AERC became a wholly owned subsidiary of Avista.

As a result of the acquisition, the Company's assets and liabilities were adjusted to fair value at the acquisition date by application of "push-down" accounting. Under push-down accounting, certain transactions incurred by the Buyer, which would otherwise be accounted for in the accounts of the parent, are "pushed down" and recorded on the financial statements of the subsidiary. Due to the regulatory nature of the entity, the fair value of the assets and liabilities acquired at the date of acquisition approximated their net book value and therefore the excess of the purchase price was reflected in the goodwill of \$52,425,863. Accordingly, the fiscal years presented include a Successor year ended December 31, 2015, a successor period, reflecting the Merger from July 1, 2014 through December 31, 2014 and a predecessor period, reflecting the period from January 1, 2014 through June 30, 2014. The consolidated financial information for the periods after the acquisition is presented on a different cost basis than that for the periods before the acquisition and, therefore, the results of operations may not be comparable between the accompanying Successor and Predecessor periods.

(b) Use of Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Utility Plant and Depreciation

The cost of additions to utility plant and replacements of property are capitalized. Cost includes direct material, labor and similar items and charges for such indirect costs as engineering, supervision, payroll taxes and pension benefits. The Company capitalizes, as an additional cost of property, an allowance for funds used during construction (AFUDC), which represents the allowed cost of capital used to finance a portion of construction work in progress. The AFUDC rates were 9.31% and 10.37%

ALASKA ELECTRIC LIGHT AND POWER COMPANY
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Notes to Financial Statements

December 31, 2015 and 2014

for 2015 and 2014, respectively. Pursuant to FERC Order No. 561, the Company is recording separately the allowance for borrowed funds as a reduction in interest expense and the allowance for equity funds used during construction under other income (expense). The cost of current repairs and maintenance is charged to expense, while the cost of betterment is capitalized. The original cost of property together with removal cost, less salvage, is charged to accumulated depreciation at such times as property is retired and removed from service. Given that the estimated timing and amount cannot be reasonably estimated, the Company does not record a separate liability for its obligation associated with the retirement of property. Franchises consist of FERC licenses for the Company's hydro-plant operations.

For financial statement purposes, depreciation of utility plant is computed on the straight-line method using rates based on average service lives. Provision for depreciation equaled 2.42% and 2.43% of average depreciable plant in service for 2015 and 2014.

(d) Long-Lived Assets

In accordance with Impairment or Disposal of Long-Lived Assets Subsections of FASB ASC Subtopic 360-10, *Property, Plant, and Equipment – Overall*, long-lived assets, such as utility plant, and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale are presented separately in the appropriate asset and liability sections of the balance sheet.

(e) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid temporary cash investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

(f) Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount. The allowance for doubtful accounts is management's best estimate of the amount of probable credit losses in existing accounts receivable. The Company determines the allowance based on its historical write-off experience and current economic conditions. The Company reviews its allowance for doubtful accounts on a monthly basis. Past due balances over 90 days in a specified amount are reviewed individually for collectability. All other balances are reviewed in aggregate. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers.

ALASKA ELECTRIC LIGHT AND POWER COMPANY
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Notes to Financial Statements

December 31, 2015 and 2014

(g) *Materials and Supplies*

Materials and supplies primarily consist of fuel and materials used in construction projects. Line materials and fuel are presented at a weighted average cost, which approximates market. All other materials and supplies are valued at cost on a first-in, first-out basis, which approximates market.

(h) *Other Investments*

Investments in common stock with a percentage ownership of less than 20% are accounted for on the cost method.

Certain financing agreements require as a condition of the extension of credit, that an equity ownership position be established by all borrowers. The Company's equity ownership in this organization is less than 1% and accordingly the investment is carried on the cost method.

(i) *Deferred Charges*

The Company's financial statements reflect regulatory assets pursuant to ASC 980 that are capitalized when certain required criteria are met. Management believes the Company's operations currently satisfy these criteria. However, if events or circumstances should change such that the criteria are no longer met, the write off of regulatory assets could have a material adverse effect on the financial position and results of operations.

Deferred charges, representing regulatory assets, are amortized to operating expense over the collection period allowed for ratemaking purposes.

Costs relating to the sale of bonds are deferred and amortized over the life of the issues. Costs relating to rate case hearings are deferred and amortized over the period of economic benefit.

(j) *Deferred Credits*

Nonrefundable contributions in aid of construction are credited to the associated cost of construction of property units. Refundable contributions in aid of construction are held in deferred credits pending their return or other disposition.

(k) *Operating Revenues*

Revenues from electric power sales are recognized as monthly cycle billings are rendered to customers. The Company records estimated unbilled revenue at the end of each month to ensure the recognition of a calendar year's revenue.

(l) *Fuel Costs and Cost-of-Power Adjustment Clause*

Fuel costs are expensed as fuel is used. The Company is authorized by the RCA to recover fuel costs and refund certain margins through the cost-of-power adjustment mechanism. Accumulated balances or credits relating to the cost-of-power adjustments flow through to the consumers in quarterly rate adjustments each year. Fuel costs were over-recovered in 2015 and 2014 by \$56,966 and \$188,761, respectively.

ALASKA ELECTRIC LIGHT AND POWER COMPANY
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Notes to Financial Statements

December 31, 2015 and 2014

(m) Proposed Project Costs

Development costs relating to proposed projects are deferred in the accounts pending construction. Costs relating to projects ultimately constructed are transferred to utility plant, whereas costs relating to projects abandoned are charged to earnings in the period of abandonment.

(n) Income Taxes

The Company files a consolidated return with Avista; however, the accompanying financial statements reflect income taxes as if the Company filed a separate return. Any current receivable (payable) amounts and deferred tax assets (liabilities) are due from (to) Avista.

A current income tax asset or liability is recognized for estimated taxes payable or refundable on current year income tax returns. A deferred tax asset or liability is recognized for future tax effects attributable to temporary differences arising between the tax bases of assets or liabilities and their reported amounts in the financial statements. The measurement of current and deferred tax assets and liabilities is based on provisions of enacted tax law. The effect of a change in tax rates on deferred taxes is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by the amount of tax benefits that are not expected to be realized. Investment tax credits are deferred and amortized into income over the service lives of the related properties.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

(o) Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is not amortized, but instead, tested for impairment at least annually. In 2015, the Company adopted ASU 2011-08, *Intangibles – Goodwill and Other (Topic 350)*, Testing Goodwill for Impairment, which allows an entity to perform a qualitative assessment of the fair value of its reporting units before calculating the fair value of the reporting unit in step one of the two-step goodwill impairment model. If, through the qualitative assessment, the entity determines that it is more likely than not that a reporting unit's fair value is greater than its carrying value, the remaining impairment steps would be unnecessary.

If there are indicators that goodwill has been impaired and thus the two-step goodwill impairment model is necessary, step one is to determine the fair value of the reporting unit and compare it with its carrying value including goodwill. If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the enterprise must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation

ALASKA ELECTRIC LIGHT AND POWER COMPANY
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Notes to Financial Statements

December 31, 2015 and 2014

is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed.

The Company performs its annual impairment review of goodwill during the fourth quarter of each year or when a triggering event occurs between annual impairment tests. No goodwill impairment loss was recorded by the Successor in the year ended December 31, 2015.

(2) Accounts Receivable

Accounts receivable consist of the following:

	December 31	
	2015	2014
Electric power accounts	\$ 2,162,160	2,289,846
Estimated unbilled utility accounts receivable	2,597,622	2,641,032
Contracts and other	1,044,052	587,872
Due from associated companies	(54,116)	10,386
Allowance for doubtful accounts	(55,378)	(54,919)
	<u>\$ 5,694,340</u>	<u>5,474,217</u>

(3) Fair Value of Financial Instruments

The following table presents the carrying and estimated fair values of the Company's financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The fair value has been determined by the Company using market information and appropriate valuation methodologies. However, the estimates are not necessarily indicative of the amounts the Company could realize in a current market exchange.

	December 31, 2015		December 31, 2014	
	Carrying value	Estimated fair value (Level 2)	Carrying value	Estimated fair value (Level 2)
Long-term debt	\$ 75,000,000	73,507,500	75,000,000	79,935,000
Capital lease obligation	64,455,000	63,150,500	69,955,000	79,290,000

Long-term debt, capital lease, and purchase obligations – the fair value is estimated by discounting the future cash flows of each instrument at rates currently available to the Company for similar debt instruments of comparable maturities.

Cash and cash equivalents, accounts receivable, income tax receivable, prepaid expenses, customer deposits, accounts payable, and accrued expenses – the carrying amounts, at face value, approximate the fair value because of the short maturity of these instruments.

ALASKA ELECTRIC LIGHT AND POWER COMPANY
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Notes to Financial Statements

December 31, 2015 and 2014

(4) Long-Term Debt

Long-term debt consists of the following:

	December 31	
	2015	2014
Series 2014 First Mortgage Bonds	\$ 75,000,000	75,000,000
Total long-term debt	75,000,000	75,000,000
Current installments	—	—
	<u>\$ 75,000,000</u>	<u>75,000,000</u>

Debt service requirements to maturity at December 31, 2015, follow:

	Principal	Interest	Total
2016	\$ —	3,405,000	3,405,000
2017	—	3,405,000	3,405,000
2018	—	3,405,000	3,405,000
2019	—	3,405,000	3,405,000
2020	—	3,405,000	3,405,000
Thereafter	75,000,000	81,720,000	156,720,000
	<u>\$ 75,000,000</u>	<u>98,745,000</u>	<u>173,745,000</u>

(a) Series 2014 First Mortgage Bonds

The Company entered into an Indenture of Mortgage and Deed of Trust, dated as of July 1, 2014. Substantially all of the assets of the Company are mortgaged under the Indenture. On September 1, 2014, Supplemental Indenture No. 1 was issued, establishing the First Mortgage Bonds, 4.54% Series due 2044. In September 2014, the Company issued \$75.0 million of these bonds to two institutional investors in the private placement market. The proceeds of the bonds were used to pay off the remaining Series 2006 Revenue Bonds and the remaining balance on the Cooperative Bank Borrowing. The remainder of the proceeds, along with cash on-hand, were paid as a \$50.0 million dividend to Avista Corporation through AERC.

(b) Revolving Credit Facility

In November 2014, the Company entered into a revolving credit facility in the amount of \$25.0 million with an expiration date of November 2019.

The Credit Facility is secured by first mortgage bonds under the AELP indenture, and in the event of default, the lenders could terminate their commitments, declare the Credit Facility, including interest and fees, due and payable, or enforce liens and security interests to collect outstanding amounts due under the Credit Facility. All borrowings under the Credit Facility bear interest at a rate per annum equal to an applicable margin plus a calculated base rate or adjusted Eurodollar rate. The calculated

ALASKA ELECTRIC LIGHT AND POWER COMPANY
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Notes to Financial Statements

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base rate means, for any day, a rate per annum equal to the Prime Rate in effect on such day plus 0.50%. The adjusted Eurodollar rate means LIBOR plus 1.5%. In addition to paying interest, the Company pays a commitment fee to the lenders under the Revolving Credit Facility at a rate of 0.25% per annum times the quarterly average undrawn portion of the Revolving Credit Facility (reduced by the amount of letters of credit issued and outstanding), which fee is payable quarterly in arrears. The Company also pays letter of credit fees of 1.5% of the average daily maximum outstanding amount of the letters of credit, payable quarterly and in arrears.

During 2015 and 2014 and at the end of each period, the Company had no borrowings outstanding under the Revolving Credit Facility. The minimum and maximum borrowings under the Revolving Credit Facility, per the terms, if used, are \$250,000 and \$25.0 million for the year ended December 31, 2015. At December 31, 2015, the facility had availability of \$25.0 million, which is net of outstanding letters of credit of zero.

(5) Purchased Power

On August 18, 1998, Alaska Industrial Development and Export Authority (AIDEA), an agency of the State of Alaska, purchased the Snettisham Hydroelectric project from the Federal Government Alaska Power Administration for \$100,000,000. The purchase was paid for with AIDEA issued debt, secured by a take-or-pay power sales agreement with the Company. These First Series Bonds were amortizing, with the final payment due in 2034. In 2015, AIDEA issued \$65.7 million of new bonds for the purpose of refunding all of the outstanding First Series bonds. The Refunding Bonds, Series 2015, have interest rates ranging from 4.125% to 5.0% and mature in January 2034. The Series 2015 Bonds are neither general obligations of AIDEA, nor the State of Alaska, and are not payable from the general assets of AIDEA, including its revolving fund.

In July 1998, the Company entered into a binding take-or-pay agreement with AIDEA, which provides, among other things, for the Company to pay for the entire electric capability of the Snettisham project, provide operations and maintenance for the Snettisham facility, make annual contributions to the renewal and replacement fund for the Snettisham project, provide insurance for the project, and provide adequate cash flow to meet annual debt service needs. The Company is obligated to pay the project costs, not withstanding a suspension or reduction in the capability of the project or any interruption, interference or curtailment, in whole or in part, of power supplied by the project. The take-or-pay agreement did not change as result of the 2015 refunding. The refunding reduced the annual debt service from approximately \$5.9 million to approximately \$5.5 million. The Company's cost of power under the take-or-pay agreement with AIDEA was \$10,373,726 and \$10,589,294 during the years ended December 31, 2015 and 2014, respectively.

In addition, Snettisham Electric Company (SEC), a wholly owned subsidiary of AERC, has been granted the option to purchase the Project at any time after five years from the issue date of the First Series Bonds for the amount outstanding on the bonds at the time of purchase. Prior to the Merger, to properly reflect its rights and obligations under the agreement the Company recorded a long term purchase power asset and corresponding liability with the corresponding asset and liability amortized concurrently with the principal reductions of the AIDEA debt. As a result of the acquisition, this purchase power agreement was converted to a capital lease for accounting purposes. AELP's payments for power under the agreement are

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approximately \$10,400,000 per year, while debt service on the bonds is approximately \$5,500,000 per year which is included in the \$10,400,000 total costs of power. Capital lease obligations, including interest, under the purchase power agreement are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,295,000	3,156,794	5,451,794
2017	2,415,000	3,042,044	5,457,044
2018	2,535,000	2,921,294	5,456,294
2019	2,660,000	2,794,544	5,454,544
2020	2,800,000	2,661,544	5,461,544
Thereafter	51,750,000	19,195,882	70,945,882
	<u>\$ 64,455,000</u>	<u>33,772,102</u>	<u>98,227,102</u>

Accumulated amortization on the capital lease asset is \$5,462,115 and \$1,820,705 in 2015 and 2014, respectively.

(6) Employee Benefit Plans

(a) Pension Plan

Pension benefits for all union employees are provided through the Alaska Electrical Pension Fund Retirement Plan, a multiemployer plan to which the Company pays a defined contribution amount per union employee pursuant to a collective bargaining agreement with the International Brotherhood of Electrical Workers (IBEW). As a multiemployer plan, the accumulated benefits and plan assets are not determined or allocated separately to the individual employer. The Company's participation in the plan for the years ended December 31, 2015 and 2014 are outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number. The most recent Pension Protection Act (PPA) zone status available at December 31, 2015 and 2014 are for plan's year-end at December 31, 2014 and December 31, 2013, respectively. The zone status is based on information that the Company received from the plan sponsor and, as required by the PPA, is certified by the plan's actuary. Among other factors, plans in the red zone are generally

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less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded.

	Alaska Electrical Pension Plan	
Employer identification number	92-6005171	
Plan number	001	
Plan year-end	December 31	
PPA zone status at the plan's year-end:		
December 31, 2014	Green	
December 31, 2013	Green	
Expiration date of CBA	March 31, 2017	
Subject to funding improvement plan	No	
Subject to rehabilitation plan	No	
Employer subject to surcharge	No	
	2015	2014
Company contributions to the plan	\$ 733,343	752,814
Greater than 5% of total contributions to the plan	No	No

(b) Money Purchase Pension Plan

The Company has a defined contribution money purchase pension plan covering all employees of the Company not covered by a collective bargaining agreement. Contributions to the plan are made based on a percentage of each employee's compensation. Contributions to the money purchase pension plan charged to operations for the years ended December 31, 2015 and 2014 were \$307,788 and \$307,607, respectively.

(c) Health and Welfare Plan

The Company participates in a multi-employer plan that provides substantially all union workers with health care and other welfare benefits during their working lives and after retirement. Amounts charged to benefit cost and contributed to the health and welfare plan for those benefits for the years ended December 31, 2015 and 2014, totaled \$730,421 and \$712,261, respectively. The Company pays a defined contribution amount per union employee pursuant to a collective bargaining agreement with IBEW. In the event of separation from the plan, an assessment is made as to the Company's liability of the unfunded vested benefits under the plan.

(d) 401(k) Plan

The Company has a noncontributory 401(k) savings plan, which covers substantially all nonunion employees who have completed 1,000 hours of service during a 12-month period. Employees who elect to participate may contribute up to the Internal Revenue Service's maximum.

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(7) Income Taxes

Income taxes are comprised of the following for the years ended:

	Successor		Predecessor
	Year ended December 31, 2015	Period from July 1, 2014 through December 31, 2014	Period from January 1, 2014 through June 30, 2014
Current expense:			
Federal	\$ 2,412,748	906,919	2,310,859
State	804,846	293,479	671,863
Deferred expense:			
Federal	811,554	475,181	673,243
State	193,927	140,861	199,574
	<u>\$ 4,223,075</u>	<u>1,816,440</u>	<u>3,855,539</u>

The tax provision has been allocated as follows for the years ended:

	Successor		Predecessor
	Year ended December 31, 2015	Period from July 1, 2014 through December 31, 2014	Period from January 1, 2014 through June 30, 2014
Utility operations	\$ 4,108,652	1,770,762	3,799,412
Other income	114,423	45,678	56,127
	<u>\$ 4,223,075</u>	<u>1,816,440</u>	<u>3,855,539</u>

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The actual income tax expense differs from the amounts computed by applying the U.S. federal statutory rate of 35% and 33% in 2015 and 2014 (predecessor and successor periods), respectively to pretax earnings as a result of the following:

	Successor		Predecessor
	Year ended December 31, 2015	Period from July 1, 2014 through December 31, 2014	Period from January 1, 2014 through June 30, 2014
Federal income taxes at statutory rate	\$ 3,802,535	1,739,056	3,429,663
State income taxes, net of federal income tax benefit	580,583	303,589	607,932
Other	(160,043)	(226,205)	(182,056)
	<u>\$ 4,223,075</u>	<u>1,816,440</u>	<u>3,855,539</u>

Deferred income taxes have been provided for all temporary differences between the carrying amounts of assets and liabilities for financial accounting and tax purposes. The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities are presented below:

	December 31	
	2015	2014
Deferred tax assets:		
Contributions in aid of construction	\$ 1,841,747	1,850,924
Other	168,586	128,327
Total deferred tax assets	<u>2,010,333</u>	<u>1,979,251</u>
Deferred tax liabilities:		
Utility plant, principally due to differences in depreciation	(12,924,738)	(12,556,785)
Capital lease obligation	(3,294,962)	(2,870,020)
Other	(706,661)	(462,993)
Total deferred tax liabilities	<u>(16,926,361)</u>	<u>(15,889,798)</u>
Net deferred tax liability	<u>\$ (14,916,028)</u>	<u>(13,910,547)</u>

Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences and a valuation allowance is not considered necessary.

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(8) Related Parties

In 2004, the Company became one of the two members in a newly formed not-for-profit entity, Kwaan Electric Transmission Intertie Cooperative, Inc. (Cooperative), which will manage additional Southeast intertie transmission segments if constructed by Kwaan Electric. The Cooperative was awarded \$15 million to begin construction of the transmission system. In 2004, the Cooperative received \$2 million of the appropriated funding from the Denali Commission. The assets of the transmission system, net of grant funds, are recorded on the Cooperative's books. The Company is a prime contractor. At December 31, 2015 and 2014, the Company had an outstanding receivables balance of \$789 and \$722, respectively, from the Cooperative. In addition, the Company had no outstanding payable to the Cooperative at December 31, 2015.

AELP provides administrative and support services to Alaska Energy and Resources Company and AJT Mining. These companies pay direct and allocated costs in accordance with RCA approved methodology.

AELP and Avista incur monthly intercompany charges. Intercompany charges are settled the month following the occurrence. At December 31, 2015, AELP had an outstanding payable to Avista of \$353,597 and an outstanding receivable from Avista of \$1,934.

(9) Commitments and Contingencies

The Company develops a five-year capital improvement plan that is updated every year. Its capital improvement requirements are based on long-range plans and other supporting studies and are executed through the five-year capital improvement program. Set forth below is an estimate of capital expenditures for the years 2016 through 2020 as contained in the Capital Improvement Plan approved by the board of directors (in millions):

2016	\$	17.1
2017		13.0
2018		17.9
2019		4.8
2020		4.8

In the normal course of business, the Company is involved in various claims and litigation. In the opinion of management, the disposition of these matters is not expected to have a material adverse effect on the Company's financial position or results of operations. Due to the nature of the Company's business, potential environmental clean-up or impact studies may occur. Management expects related costs to be minimal.

(10) Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 15, 2016, the date the financial statements were available to be issued.