

# ATTACHMENT A

## Schedule 75

### Annual Electric Decoupling Rate Adjustment

Rate Calculation for  
November 1, 2017 – October 31, 2018

Avista Utilities  
 Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates  
 Effective November 1, 2017 - October 31, 2018

**Residential Electric**

Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.00416	3.96%	
2	Oct-17	\$10,208,193		
3	Nov-17	\$9,294,520	\$32,126	227,355,435
4	Dec-17	\$8,134,501	\$28,711	285,752,424
5	Jan-18	\$7,007,170	\$24,943	276,988,691
6	Feb-18	\$6,106,080	\$21,601	221,800,956
7	Mar-18	\$5,219,991	\$18,657	217,487,025
8	Apr-18	\$4,483,301	\$15,984	180,931,205
9	May-18	\$3,808,460	\$13,659	165,504,787
10	Jun-18	\$3,157,747	\$11,475	159,180,005
11	Jul-18	\$2,356,786	\$9,084	194,722,364
12	Aug-18	\$1,597,481	\$6,514	184,091,058
13	Sep-18	\$946,218	\$4,190	157,560,689
14	Oct-18	\$194,312	\$1,879	181,198,329
15	Annual Total		\$188,823	2,452,572,967
16	Incremental Rate to Recover Estimated Interest		\$0.00008	
17	Estimated Rate to Recover Deferral Balance		\$0.00416	
18	Rate before Gross-up for Revenue-related items		\$0.00424	
19	Times: Gross-up for Revenue-related items (3)		1.048963	
20	Preliminary Proposed Decoupling Rate		\$0.00445	
21	3% Test Rate Adjustment (4)		\$0.00000	
22	Final Proposed Decoupling Rate		\$0.00445	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.00424	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		\$0	

Notes

- (1) Deferral balance at the end of the month, Rate of \$0.00416 to recover the October 2017 balance of \$10,208,193 over 12 months. See page 2 and 5 of Attachment A for October 2017 balance calculation.
- (2) Interest computed on average balance between beginning and end of month at the present FERC rate. The FERC interest rate is updated quarterly.  
<http://www.ferc.gov/enforcement/acct-matts/interest-rates.asp>
- (3) 2016 Commission Basis conversion factor, see page 8 of Attachment A.
- (4) See pages 6 and 7 of Attachment A for earnings test and 3% test adjustment calculations.
- (5) See page 2 of Attachment A for estimated carryover balance calculations.

Avista Utilities  
 Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates  
 Effective November 1, 2017 - October 31, 2018

**Residential Electric**

Calculate Estimated Monthly Balances through October 2018

Line No.		Ending Balance	Interest	Amortization
			3.50 % Q1 2017	
			3.71% Q2 2017	
			3.96% Q3 2017	
1	Dec-16	\$10,288,205		
2	Earnings Sharing Adjustment	(\$1,253,138)		
3	Adjusted December Balance	\$9,035,067		
4	Jan-17	\$9,061,420	\$26,352	
5	Feb-17	\$9,087,849	\$26,429	
6	Mar-17	\$9,114,355	\$26,506	
7	Apr-17	\$9,142,534	\$28,179	
8	May-17	\$9,170,799	\$28,266	
9	Jun-17	\$9,199,152	\$28,353	
10	Jul-17	\$9,229,510	\$30,357	
11	Aug-17	\$9,259,967	\$30,457	
12	Sep-17	\$9,290,525	\$30,558	
13	<b>Oct-17</b>	<b>\$9,321,184</b>	\$30,659	
14	<b>Prior Year Carryover Balance</b>	<b>\$887,009</b>		
15	Nov-17	\$9,276,302	\$32,096	\$963,987
16	Dec-17	\$8,093,324	\$28,613	\$1,211,590
17	Jan-18	\$6,943,662	\$24,770	\$1,174,432
18	Feb-18	\$6,024,589	\$21,362	\$940,436
19	Mar-18	\$5,120,803	\$18,360	\$922,145
20	Apr-18	\$4,369,288	\$15,633	\$767,148
21	May-18	\$3,680,808	\$13,261	\$701,740
22	Jun-18	\$3,016,918	\$11,033	\$674,923
23	Jul-18	\$2,199,889	\$8,594	\$825,623
24	Aug-18	\$1,425,315	\$5,972	\$780,546
25	Sep-18	\$760,859	\$3,601	\$668,057
26	<b>Oct-18</b>	<b>(\$6,179)</b>	\$1,243	\$768,281
27	Total		\$470,654	\$10,398,909
<b>Summary</b>				
28	2016 Deferred Revenue	\$10,288,205		
29	Less Earnings Sharing	(\$1,253,138)		
30	Add Prior Year Carryover Balance	\$887,009		
31	Add Interest through 10/31/2018	\$470,654		
32	Add Revenue Related Expense Adj.	\$521,220		
33	Total Requested Recovery	\$10,913,950		
34	Customer Surcharge Revenue	\$10,913,950		
35	Carryover Deferred Revenue	\$0		

Avista Utilities  
Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates  
Effective November 1, 2017 - October 31, 2018

**Non-Residential Electric**

Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.00037	3.96%	
2	Oct-17	\$798,465		
3	Nov-17	\$736,792	\$2,529	173,519,039
4	Dec-17	\$669,036	\$2,316	189,380,934
5	Jan-18	\$601,429	\$2,093	188,379,745
6	Feb-18	\$543,493	\$1,886	161,679,247
7	Mar-18	\$481,853	\$1,689	171,161,756
8	Apr-18	\$423,239	\$1,491	162,443,261
9	May-18	\$360,710	\$1,291	172,489,323
10	Jun-18	\$295,950	\$1,082	177,950,986
11	Jul-18	\$218,787	\$848	210,838,344
12	Aug-18	\$145,383	\$600	200,012,087
13	Sep-18	\$81,220	\$373	174,421,540
14	Oct-18	\$15,611	\$160	177,752,565
15	Annual Total		\$16,357	2,160,028,828
16	Incremental Rate to Recover Estimated Interest		\$0.00001	
17	Estimated Rate to Recover Deferral Balance		\$0.00037	
18	Rate before Gross-up for Revenue-related items		\$0.00038	
19	Times: Gross-up for Revenue-related items (3)		1.048963	
20	Preliminary Proposed Decoupling Rate		\$0.00040	
21	3% Test Rate Adjustment (4)		\$0.00000	
22	Final Proposed Decoupling Rate		\$0.00040	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.00038	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		\$0	

Notes

- (1) Deferral balance at the end of the month, Rate of \$0.00037 to recover the October 2017 balance of \$798,465 over 12 months. See page 4 and 5 of Attachment A for October 2017 balance calculation.
- (2) Interest computed on average balance between beginning and end of month at the present FERC rate. The FERC interest rate is updated quarterly.  
<http://www.ferc.gov/enforcement/acct-matts/interest-rates.asp>
- (3) 2016 Commission Basis conversion factor, see page 8 of Attachment A.
- (4) See pages 6 and 7 of Attachment A for earnings test and 3% test adjustment calculations.
- (5) See page 4 of Attachment A for estimated carryover balance calculations.

Avista Utilities  
Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates  
Effective November 1, 2017 - October 31, 2018

**Non-Residential Electric**

Calculate Estimated Monthly Balances through October 2018

Line No.		Ending Balance	Interest 3.50 % Q1 2017 3.71% Q2 2017 3.96% Q3 2017	Amortization
1	Dec-16	\$1,967,777		
2	Earnings Sharing Adjustment	(\$1,222,566)		
3	Adjusted December Balance	\$745,211		
4	Jan-17	\$747,384	\$2,174	
5	Feb-17	\$749,564	\$2,180	
6	Mar-17	\$751,750	\$2,186	
7	Apr-17	\$754,075	\$2,324	
8	May-17	\$756,406	\$2,331	
9	Jun-17	\$758,745	\$2,339	
10	Jul-17	\$761,248	\$2,504	
11	Aug-17	\$763,761	\$2,512	
12	Sep-17	\$766,281	\$2,520	
13	<b>Oct-17</b>	<b>\$768,810</b>	<b>\$2,529</b>	
14	<b>Prior Year Carryover Balance</b>	<b>\$29,655</b>		
15	Nov-17	\$735,053	\$2,526	\$65,937
16	Dec-17	\$665,396	\$2,307	\$71,965
17	Jan-18	\$595,889	\$2,078	\$71,584
18	Feb-18	\$536,316	\$1,865	\$61,438
19	Mar-18	\$472,937	\$1,663	\$65,041
20	Apr-18	\$412,667	\$1,459	\$61,728
21	May-18	\$348,375	\$1,254	\$65,546
22	Jun-18	\$281,792	\$1,038	\$67,621
23	Jul-18	\$202,471	\$798	\$80,119
24	Aug-18	\$127,009	\$543	\$76,005
25	Sep-18	\$61,039	\$310	\$66,280
26	<b>Oct-18</b>	<b>(\$6,417)</b>	<b>\$90</b>	<b>\$67,546</b>
27	Total		\$39,528	\$820,811
<b>Summary</b>				
28	2016 Deferred Revenue	\$1,967,777		
29	Less Earnings Sharing	(\$1,222,566)		
30	Add Prior Year Carryover Balance	\$29,655		
31	Add Interest through 10/31/2018	\$39,528		
32	Add Revenue Related Expense Adj.	\$49,618		
33	Total Requested Refund	\$864,012		
34	Customer Surcharge Revenue	\$864,012		
35	Carryover Deferred Revenue	\$0		

Avista Utilities  
Decoupling Mechanism Prior Surcharge or Rebate Amortization  
Effective November 1, 2016 - October 31, 2017

Residential Electric Surcharge

Line No.	Date	Regulatory Asset Beginning Balance	Interest	Amortization	Regulatory Asset Ending Balance	Interest Rate	Aug - Oct Forecast Usage
1	Nov-16	\$ 6,937,368.43	\$19,546.05	\$(471,732.79)	\$ 6,485,181.69	3.50%	
2	Dec-16	\$ 6,485,181.69	\$17,880.78	\$(709,256.61)	\$ 5,793,805.86	3.50%	
3	Jan-17	\$ 5,793,805.86	\$15,691.25	\$(827,894.31)	\$ 4,981,602.80	3.50%	
4	Feb-17	\$ 4,981,602.80	\$13,642.28	\$(608,499.29)	\$ 4,386,745.79	3.50%	
5	Mar-17	\$ 4,386,745.79	\$12,002.52	\$(543,189.74)	\$ 3,855,558.57	3.50%	
6	Apr-17	\$ 3,855,558.57	\$11,245.64	\$(436,307.33)	\$ 3,430,496.88	3.71%	
7	May-17	\$ 3,430,496.88	\$9,979.67	\$(405,139.61)	\$ 3,035,336.94	3.71%	
8	Jun-17	\$ 3,035,336.94	\$8,806.51	\$(373,737.16)	\$ 2,670,406.29	3.71%	
9	Jul-17	\$ 2,670,406.29	\$8,003.16	\$(490,414.06)	\$ 2,187,995.39	3.96%	
10	Aug-17	\$ 2,187,995.39	\$6,452.27	\$(465,526.05)	\$ 1,728,921.61	3.96%	185,468,547
11	Sep-17	\$ 1,728,921.61	\$5,059.31	\$(391,596.78)	\$ 1,342,384.14	3.96%	156,014,655
12	Oct-17	\$ 1,342,384.14	\$3,672.44	\$(459,047.60)	\$ <b>887,008.98</b>	3.96%	182,887,491

Non-Residential Electric Rebate

Line No.	Date	Regulatory Liability Beginning Balance	Interest	Amortization	Regulatory Liability Ending Balance	Interest Rate	Aug - Oct Forecast Usage
13	Nov-16	\$ (2,886,111.92)	(\$8,072.84)	\$ 236,565.55	\$ (2,657,619.21)	3.50%	
14	Dec-16	\$ (2,657,619.21)	(\$7,372.11)	\$ 260,075.72	\$ (2,404,915.60)	3.50%	
15	Jan-17	\$ (2,404,915.60)	(\$6,644.79)	\$ 253,402.31	\$ (2,158,158.08)	3.50%	
16	Feb-17	\$ (2,158,158.08)	(\$5,943.78)	\$ 240,583.55	\$ (1,923,518.31)	3.50%	
17	Mar-17	\$ (1,923,518.31)	(\$5,262.78)	\$ 238,273.34	\$ (1,690,507.75)	3.50%	
18	Apr-17	\$ (1,690,507.75)	(\$4,886.58)	\$ 219,883.34	\$ (1,475,510.99)	3.71%	
19	May-17	\$ (1,475,510.99)	(\$4,205.21)	\$ 230,670.06	\$ (1,249,046.14)	3.71%	
20	Jun-17	\$ (1,249,046.14)	(\$3,473.01)	\$ 251,400.38	\$ (1,001,118.77)	3.71%	
21	Jul-17	\$ (1,001,118.77)	(\$2,838.41)	\$ 281,986.80	\$ (721,970.38)	3.96%	
22	Aug-17	\$ (721,970.38)	(\$1,928.41)	\$ 275,205.75	\$ (448,693.04)	3.96%	202,357,171
23	Sep-17	\$ (448,693.04)	(\$1,089.30)	\$ 237,203.06	\$ (212,579.28)	3.96%	174,414,017
24	Oct-17	\$ (212,579.28)	(\$301.33)	\$ 242,535.53	\$ <b>29,654.92</b>	3.96%	178,334,948

Avista Utilities  
Decoupling Mechanism Earnings Test and 3% Test  
2016 Deferrals

**2016 Commission Basis Earnings Test for Decoupling**

Line No.		Electric
1	Rate Base	\$ 1,442,726,000
2	Net Income	\$ 108,405,000
3	Calculated ROR	7.51%
4	Base ROR	7.29%
5	Excess ROR	0.22%
6	Excess Earnings	\$ 3,218,417
7	Conversion Factor	0.619660
8	Excess Revenue (Excess Earnings/CF)	\$ 5,193,843
9	Sharing %	50%
10	2016 Total Earnings Test Sharing	<b>\$ 2,596,921</b>

**Revenue From 2016 Normalized Loads and Customers at Present Billing Rates**

11	Residential Revenue	\$ 223,399,000	50.62%
12	Non-Residential Revenue	\$ 217,949,000	49.38%
13	Total Normalized Revenue	\$ 441,348,000	100.00%

	Gross Revenue Adjustment	Net of Revenue Related Expenses
14	Residential	\$ 1,314,495
15	Non-Residential	\$ 1,282,427
16	Total	<u>\$ 2,596,921</u>

Avista Utilities  
Decoupling Mechanism Earnings Test and 3% Test  
2016 Deferrals

**3% Incremental Surcharge Test**

Line No.		Residential	Non-Residential
1	Revenue From 2016 Normalized Loads and Customers at Present Billing Rates (Note 1)	\$ 223,399,000	\$ 217,949,000
2	November 2017 - October 2018 Usage (kWhs)	2,452,572,967	2,160,028,828
3	Proposed Decoupling Recovery Rates	\$0.00445	\$0.00040
4	Present Decoupling Surcharge Recovery Rates	\$0.00263	\$0.00000
5	Incremental Decoupling Recovery Rates	\$0.00182	\$0.00040
6	Incremental Decoupling Recovery	\$ 4,463,683	\$ 864,012
7	Incremental Surcharge %	<b>2.00%</b>	<b>0.40%</b>
8	3% Test Adjustment (Note 2)	\$ -	\$ -
9	3% Test Rate Adjustment	\$0.00000	\$0.00000
10	Adjusted Proposed Decoupling Recovery Rates	\$0.00445	\$0.00040
11	Adjusted Incremental Decoupling Recovery	\$ 4,463,683	\$ 864,012
12	Adjusted Incremental Surcharge %	<b>2.00%</b>	<b>0.40%</b>

Notes

(1) 2016 Normalized Revenue derived from UE-170485 Revenue Model with billed rates adjusted to reflect August 1, 2017 present rates.

(2) The carryover balances will differ from the 3% adjustment amounts due to the revenue related expense gross up partially offset by additional interest on the outstanding balance during the amortization period.



**AVISTA UTILITIES**  
**Revenue Conversion Factor**  
**Washington - Electric System**  
**TWELVE MONTHS ENDED December 31, 2016**

<b>Line No.</b>	<b>Description</b>	<b>Factor</b>
1	<b>Revenues</b>	<i>1.000000</i>
	<b>Expense:</b>	
2	Uncollectibles	<i>0.006183</i>
3	Commission Fees	<i>0.002000</i>
4	Washington Excise Tax	<i>0.038495</i>
5	Total Expense	<u><u><i>0.046677</i></u></u>
6	Net Operating Income Before FIT	<i>0.953323</i>
7	Federal Income Tax @ 35%	<u><u><i>0.333663</i></u></u>
8	<b>REVENUE CONVERSION FACTOR</b>	<u><u><u><i>0.619660</i></u></u></u>
9	Gross Up Factor	1.048963

2016 Commission Basis Conversion Factor with Uncollectible Service Correction

Avista Utilities  
Washington Jurisdiction  
2017 Decoupling Schedule 75 Filing  
Electric

Type of Service	Schedule Number	Decoupling Billing Determinants	Present Decoupling Rate	Present Decoupling Revenue	Proposed Decoupling Increase	Proposed Decoupling Revenue	Proposed Decoupling Rate	Incremental Rate change	Present Billing Revenue	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)		
Residential	1/2	2,452,572,967	\$ 0.00263	\$ 6,450,267	\$ 4,463,683	\$ 10,913,950	\$ <b>0.00445</b>	\$ 0.00182	\$ 223,399,000	2.00%
General Service	11/12	625,621,443	\$(0.00143)	\$ (894,639)	\$ 1,144,887	\$ 250,249	\$ <b>0.00040</b>	\$ 0.00183	\$ 76,257,000	1.50%
Large General Service	21/22	1,405,378,196	\$(0.00143)	\$(2,009,691)	\$ 2,571,842	\$ 562,151	\$ <b>0.00040</b>	\$ 0.00183	\$ 130,500,000	1.97%
Pumping Service	30/31/32	129,029,189	\$(0.00143)	\$ (184,512)	\$ 236,123	\$ 51,612	\$ <b>0.00040</b>	\$ 0.00183	\$ 11,192,000	2.11%
Extra Large General Service	25	N/A							\$ 66,995,000	0.00%
ST & Area Lighting	41 - 48	N/A							\$ 7,218,000	0.00%
Total		4,612,601,795		\$ 3,361,426	\$ 8,416,536	\$ 11,777,961			\$ 515,561,000	1.63%
Non-Residential Group Sub-Totals		2,160,028,828		\$(3,088,841)	\$ 3,952,853	\$ 864,012			\$ 217,949,000	1.81%

Average Residential Bill	@938 kWhs	
Basic Charge	\$8.50	\$8.50
First 800 kWhs	\$0.07986	\$63.89
Next 700 kWhs	\$0.09194	\$12.69
Over 1,500 kWhs	\$0.10676	\$0.00
Residential Bill at 8/1/2017 rates		\$85.08
Proposed rate change \$	0.00182	\$1.71
Residential Bill at Proposed rates		\$86.79
Proposed Percent Increase		2.01%