



Avista Corp.

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August 14, 2015

Mr. Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
PO Box 47250
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

Dear Mr. King:

RE: UE-140188/UG-140189
Electric and Natural Gas Decoupling Mechanism
Quarterly Report

Attached for filing with the Commission is an electronic copy of the Electric and Natural Gas Decoupling Mechanism Quarterly Report.

The report consists of spreadsheets showing the monthly revenue deferral calculations for April through June 2015.

Also included in the report are the monthly general ledger balances resulting from the deferral and amortization activity during the second quarter of 2015.

Questions regarding this filing should be directed to Tara Knox at (509) 495-4325.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick Ehrbar", is written over a large, light-colored circular mark. The signature is fluid and cursive, extending to the right with a long horizontal stroke.

Patrick Ehrbar
Manager, Rates and Tariffs
Enc.

Avista Corporation Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 2nd Quarter 2015

Avista Utilities
Electric Decoupling Mechanism
Development of Electric Deferrals (Calendar Year 2015)

2nd Quarter 2015

Line No.	Source	Apr-15	May-15	Jun-15	Total	
(a)	(b)	(f)	(g)	(h)		
Residential Group						
1	Actual Customers	Revenue System	206,679	206,185	206,224	619,088
2	Monthly Decoupled Revenue per Customer	Appendix 4, Page 3	\$51.02	\$47.06	\$44.92	\$47.67
3	Decoupled Revenue	(1) x (2)	\$ 10,544,743	\$ 9,703,850	\$ 9,263,940	\$ 29,512,533
4	Actual Base Rate Revenue	Revenue System	\$ 15,694,519	\$ 13,097,133	\$ 14,889,107	
5	Actual Basic Charge Revenue	Revenue System	\$ 1,756,772	\$ 1,752,573	\$ 1,752,904	
6	Actual Usage (kWhs)	Revenue System	174,058,158	144,371,121	166,807,706	
7	Retail Revenue Credit (\$/kWh)	Appendix 4, Page 1	\$ 0.021080	\$ 0.021080	\$ 0.021080	
8	Variable Power Supply Payments	(6) x (7)	\$ 3,669,146	\$ 3,043,343	\$ 3,516,306	
9	Customer Decoupled Payments	(4) - (5) - (8)	\$ 10,268,602	\$ 8,301,217	\$ 9,619,896	\$ 28,189,715
	Residential Revenue Per Customer Received		\$49.68	\$40.26	\$46.65	\$45.53
10	Deferral - Surcharge (Rebate)	(3) - (9)	\$ 276,142	\$ 1,402,633	\$ (355,956)	\$ 1,322,818
11	Deferral - Revenue Related Expenses	Rev Conv Factor	\$ (12,535)	\$ (63,673)	\$ 16,159	\$ (60,049)
		FERC Rate	3.25%	3.25%	3.25%	
12	Interest on Deferral	Avg Balance Calc	\$ 7,939	\$ 10,131	\$ 11,511	\$ 29,581
	Monthly Residential Deferral Totals		\$ 271,546	\$ 1,349,091	\$ (328,286)	\$ 1,292,350
13	Cumulative Residential Deferral (Rebate)/Surcharge	$\Sigma((10) \sim (12))$	\$ 3,071,141	\$ 4,420,232	\$ 4,091,945	
Non-Residential Group						
14	Actual Customers	Revenue System	35,293	35,221	35,212	105,726
15	Monthly Decoupled Revenue per Customer	Appendix 4, Page 3	\$307.27	\$328.68	\$343.69	\$326.53
16	Decoupled Revenue	(14) x (15)	\$ 10,844,425	\$ 11,576,571	\$ 12,101,997	\$ 34,522,992
17	Actual Base Rate Revenue	Revenue System	\$ 17,146,414	\$ 17,228,784	\$ 20,052,822	
18	Actual Basic Charge Revenue	Revenue System	\$ 1,601,684	\$ 1,610,510	\$ 1,601,190	
19	Actual Usage (kWhs)	Revenue System	170,229,514	173,532,298	208,221,126	
20	Retail Revenue Credit (\$/kWh)	Appendix 4, Page 1	\$ 0.021080	\$ 0.021080	\$ 0.021080	
21	Variable Power Supply Payments	(19) x (20)	\$ 3,588,438	\$ 3,658,061	\$ 4,389,301	
22	Customer Decoupled Payments	(17) - (18) - (21)	\$ 11,956,292	\$ 11,960,214	\$ 14,062,331	\$ 37,978,836
	Non-Residential Revenue Per Customer Received		\$338.77	\$339.58	\$399.36	\$359.22
23	Deferral - Surcharge (Rebate)	(16) - (22)	\$ (1,111,868)	\$ (383,643)	\$ (1,960,334)	\$ (3,455,844)
24	Deferral - Revenue Related Expenses	Rev Conv Factor	\$ 50,473	\$ 17,415	\$ 88,989	\$ 156,878
		FERC Rate	3.25%	3.25%	3.25%	
25	Interest on Deferral	Avg Balance Calc	\$ 1,489	\$ (440)	\$ (3,472)	\$ (2,423)
	Monthly Non-Residential Deferral Totals		\$ (1,059,906)	\$ (366,668)	\$ (1,874,816)	\$ (3,301,390)
26	Cumulative Non-Residential Deferral (Rebate)/Surcharge	$\Sigma((23) \sim (25))$	\$ 20,488	\$ (346,180)	\$ (2,220,996)	
25	Total Cumulative Electric Deferral	(13) + (26)	\$ 3,091,628	\$ 4,074,051	\$ 1,870,949	

Avista Corporation Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 2nd Quarter 2015

Avista Utilities
Natural Gas Decoupling Mechanism
Development of Natural Gas Deferrals (Calendar Year 2015)

2nd Quarter 2015

Line No.	Source	Apr-15	May-15	Jun-15	Total	
(a)	(b)	(f)	(g)	(h)		
Residential Group						
1	Actual Customers	Revenue System	150,480	150,641	150,509	451,630
2	Monthly Decoupled Revenue per Customer	Appendix 5, Page 3	\$22.04	\$12.28	\$8.09	\$14.14
3	Decoupled Revenue	(1) x (2)	\$ 3,316,991	\$ 1,850,027	\$ 1,217,448	\$ 6,384,466
4	Actual Base Rate Revenue (Excluding Gas Costs)	Revenue System	\$ 3,919,939	\$ 2,352,553	\$ 2,000,137	
5	Actual Fixed Charge Revenue	Revenue System	\$ 1,354,320	\$ 1,355,769	\$ 1,354,581	
6	Customer Decoupled Payments	(4) - (5)	\$ 2,565,619	\$ 996,784	\$ 645,556	\$ 4,207,959
	Residential Revenue Per Customer Received		\$17.05	\$6.62	\$4.29	\$9.32
7	Deferral - Surcharge (Rebate)	(3) - (6)	\$ 751,372	\$ 853,243	\$ 571,893	\$ 2,176,508
8	Deferral - Revenue Related Expenses	Rev Conv Factor	\$ (33,659)	\$ (38,223)	\$ (25,619)	\$ (97,501)
		FERC Rate	3.25%	3.25%	3.25%	
9	Interest on Deferral	Avg Balance Calc	\$ 6,850	\$ 8,944	\$ 10,812	\$ 26,607
	Monthly Residential Deferral Totals		\$ 724,563	\$ 823,965	\$ 557,086	\$ 2,105,613
10	Cumulative Residential Deferral (Rebate)/Surcharge	Σ((7) + (9))	\$ 2,895,030	\$ 3,718,994	\$ 4,276,080	
Non-Residential Group						
11	Actual Customers	Revenue System	2,640	2,654	2,647	7,941
12	Monthly Decoupled Revenue per Customer	Appendix 5, Page 3	\$334.59	\$208.08	\$166.53	\$236.29
13	Decoupled Revenue	(11) x (12)	\$ 883,310	\$ 552,248	\$ 440,796	\$ 1,876,353
14	Actual Base Rate Revenue (Excluding Gas Costs)	Revenue System	\$ 1,101,126	\$ 700,533	\$ 616,648	
15	Actual Fixed Charge Revenue	Revenue System	\$ 233,119	\$ 234,209	\$ 233,600	
16	Customer Decoupled Payments	(14) - (15)	\$ 868,007	\$ 466,323	\$ 383,048	\$ 1,717,379
	Non-Residential Revenue Per Customer Received		\$328.79	\$175.71	\$144.71	\$216.27
17	Deferral - Surcharge (Rebate)	(13) - (16)	\$ 15,303	\$ 85,924	\$ 57,748	\$ 158,975
18	Deferral - Revenue Related Expenses	Rev Conv Factor	\$ (686)	\$ (3,849)	\$ (2,587)	\$ (7,122)
		FERC Rate	3.25%	3.25%	3.25%	
19	Interest on Deferral	Avg Balance Calc	\$ 1,401	\$ 1,535	\$ 1,725	\$ 4,662
	Monthly Non-Residential Deferral Totals		\$ 16,018	\$ 83,611	\$ 56,886	\$ 156,515
20	Cumulative Non-Residential Deferral (Rebate)/Surcharge	Σ((17) + (19))	\$ 525,909	\$ 609,520	\$ 666,406	
21	Total Cumulative Natural Gas Deferral	(10) + (20)	\$ 3,420,939	\$ 4,328,514	\$ 4,942,486	

Avista Corporation Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 2nd Quarter 2015

Balance Sheet Accounts

GL Account Balance Accounting Period : '201504, 201505, 201506'

Jurisdiction:WA

Deferred Revenue

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance	
186328	REG ASSET-DECOUPLING DEFERRED	ED	201504	2,799,595.22	271,545.53	3,071,140.75	
	REG ASSET-DECOUPLING DEFERRED		201505	3,071,140.75	1,349,090.85	4,420,231.60	
	REG ASSET-DECOUPLING DEFERRED		201506	4,420,231.60	-328,286.15	4,091,945.45	
	Electric Service				Sum: 1,292,350.23		
	REG ASSET-DECOUPLING DEFERRED	GD	201504	2,170,466.56	724,562.97	2,895,029.53	
	REG ASSET-DECOUPLING DEFERRED		201505	2,895,029.53	823,964.64	3,718,994.17	
	REG ASSET-DECOUPLING DEFERRED		201506	3,718,994.17	557,085.69	4,276,079.86	
	Natural Gas Service				Sum: 2,105,613.30		
	FERC Acct 186328				Sum: 3,397,963.53		
186338	REG ASSET NON-RES DECOUPLING D	ED	201504	1,080,393.22	-1,059,905.62	20,487.60	
	REG ASSET NON-RES DECOUPLING D		201505	20,487.60	-366,667.97	-346,180.37	
	REG ASSET NON-RES DECOUPLING D		201506	-346,180.37	-1,874,816.12	-2,220,996.49	
	Electric Service				Sum: -3,301,389.71		
	REG ASSET NON-RES DECOUPLING D	GD	201504	509,891.57	16,017.87	525,909.44	
	REG ASSET NON-RES DECOUPLING D		201505	525,909.44	83,610.66	609,520.10	
	REG ASSET NON-RES DECOUPLING D		201506	609,520.10	56,886.21	666,406.31	
	Natural Gas Service				Sum: 156,514.74		
	FERC Acct 186338				Sum: -3,144,874.97		

GL Account Balance Accounting Period : '201504, 201505, 201506'

Jurisdiction:WA

Rollover Balance

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
182328	REG ASSET- DECOUPLING SURCHARG	GD	201504	5,504.37	14.91	5,519.28
	REG ASSET- DECOUPLING SURCHARG		201505	5,519.28	14.95	5,534.23
	REG ASSET- DECOUPLING SURCHARG		201506	5,534.23	14.99	5,549.22
	Natural Gas Service				Sum: 44.85	

GL Account Balance Accounting Period : '201504, 201505, 201506'

Jurisdiction:WA

Accumulated Deferred Taxes

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance	
283328	ADFIT DECOUPLING DEFERRED REV	ED	201504	-1,357,995.95	275,926.04	-1,082,069.91	
	ADFIT DECOUPLING DEFERRED REV		201505	-1,082,069.91	-343,848.01	-1,425,917.92	
	ADFIT DECOUPLING DEFERRED REV		201506	-1,425,917.92	771,085.79	-654,832.13	
	Electric Service				Sum: 703,163.82		
	ADFIT DECOUPLING DEFERRED REV	GD	201504	-716,569.06	-482,691.33	-1,199,260.39	
	ADFIT DECOUPLING DEFERRED REV		201505	-1,199,260.39	-317,656.59	-1,516,916.98	
	ADFIT DECOUPLING DEFERRED REV		201506	-1,516,916.98	-214,895.41	-1,731,812.39	
	Natural Gas Service				Sum: -1,015,243.33		
	FERC Acct 283328				Sum: -312,079.51		

Avista Corporation Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 2nd Quarter 2015

Income Statement Accounts

GL Account Balance Accounting Period : '201504, 201505, 201506'

Jurisdiction: WA

Revenue Deferral Credits

Year to Date Values moved to Account 456 or 495 in May

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance	
407428	REG CREDIT DECOUPLING DEF REV	ED	201504	-3,973,640.24	-263,606.33	-4,237,246.57	
	REG CREDIT DECOUPLING DEF REV		201505	-4,237,246.57	4,237,246.57	0.00	
	REG CREDIT DECOUPLING DEF REV		201506	0.00	0.00	0.00	
	Electric Service				Sum: 3,973,640.24		
	REG CREDIT DECOUPLING DEF REV	GD	201504	-2,687,913.70	-717,712.72	-3,405,626.42	
	REG CREDIT DECOUPLING DEF REV		201505	-3,405,626.42	3,405,626.42	0.00	
	REG CREDIT DECOUPLING DEF REV		201506	0.00	0.00	0.00	
	Natural Gas Service				Sum: 2,687,913.70		
	FERC Acct 407428				Sum: 6,661,553.94		
407438	REG CREDIT NON-RES DECOUPLING	ED	201504	-1,186,320.76	0.00	-1,186,320.76	
	REG CREDIT NON-RES DECOUPLING		201505	-1,186,320.76	1,186,320.76	0.00	
	REG CREDIT NON-RES DECOUPLING		201506	0.00	0.00	0.00	
	Electric Service				Sum: 1,186,320.76		
	REG CREDIT NON-RES DECOUPLING	GD	201504	-507,924.67	-14,617.12	-522,541.79	
	REG CREDIT NON-RES DECOUPLING		201505	-522,541.79	522,541.79	0.00	
	REG CREDIT NON-RES DECOUPLING		201506	0.00	0.00	0.00	
	Natural Gas Service				Sum: 507,924.67		
	FERC Acct 407438				Sum: 1,694,245.43		

GL Account Balance Accounting Period : '201504, 201505, 201506'

Jurisdiction: WA

Revenue Deferral Debits

Year to Date Values moved to Account 456 or 495 in May

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance	
407328	REG DEBIT DECOUPLING DEF REV	ED	201504	1,178,015.87	0.00	1,178,015.87	
	REG DEBIT DECOUPLING DEF REV		201505	1,178,015.87	-1,178,015.87	0.00	
	REG DEBIT DECOUPLING DEF REV		201506	0.00	0.00	0.00	
	Electric Service				Sum: -1,178,015.87		
	REG DEBIT DECOUPLING DEF REV	GD	201504	522,304.87	0.00	522,304.87	
	REG DEBIT DECOUPLING DEF REV		201505	522,304.87	-522,304.87	0.00	
	REG DEBIT DECOUPLING DEF REV		201506	0.00	0.00	0.00	
	Natural Gas Service				Sum: -522,304.87		
	FERC Acct 407328				Sum: -1,700,320.74		
407338	REG DEBIT NON-RES DECOUPLING D	ED	201504	113,544.76	1,061,394.38	1,174,939.14	
	REG DEBIT NON-RES DECOUPLING D		201505	1,174,939.14	-1,174,939.14	0.00	
	REG DEBIT NON-RES DECOUPLING D		201506	0.00	0.00	0.00	
	Electric Service				Sum: -113,544.76		
	REG DEBIT NON-RES DECOUPLING D	GD	201504	0.00	0.00	0.00	
	REG DEBIT NON-RES DECOUPLING D		201505	0.00	0.00	0.00	
	REG DEBIT NON-RES DECOUPLING D		201506	0.00	0.00	0.00	
	Natural Gas Service				Sum: 0.00		
	FERC Acct 407338				Sum: -113,544.76		

Avista Corporation Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 2nd Quarter 2015

Income Statement Accounts (continued)

GL Account Balance Accounting Period : '201504, 201505, 201506'

Jurisdiction:WA		Deferred Revenue				
May Entries include transfer of Year to Balances from 407 Accounts						
Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
456328	RESIDENTIAL DECOUPLING DEFERRE	ED	201505	0.00	-4,398,190.70	-4,398,190.70
	RESIDENTIAL DECOUPLING DEFERRE		201506	-4,398,190.70	339,797.47	-4,058,393.23
	FERC Acct 456328				Sum: -4,058,393.23	
456338	NON-RES DECOUPLING DEFERRED RE	ED	201505	0.00	354,845.90	354,845.90
	NON-RES DECOUPLING DEFERRED RE		201506	354,845.90	1,871,344.44	2,226,190.34
	FERC Acct 456338				Sum: 2,226,190.34	
495328	RESIDENTIAL DECOUPLING DEFERRE	GD	201505	0.00	-3,698,341.81	-3,698,341.81
	RESIDENTIAL DECOUPLING DEFERRE		201506	-3,698,341.81	-546,273.67	-4,244,615.48
	FERC Acct 495328				Sum: -4,244,615.48	
495338	NON-RES DECOUPLING DEFERRED RE	GD	201505	0.00	-604,616.97	-604,616.97
	NON-RES DECOUPLING DEFERRED RE		201506	-604,616.97	-55,160.73	-659,777.70
	FERC Acct 495338				Sum: -659,777.70	

GL Account Balance Accounting Period : '201504, 201505, 201506'

Jurisdiction:WA		Interest Income or Expense					
Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance	
419605	INT INC ON OTH DEFERRALS-IV FU	ED	201504	-13,183.30	-9,427.96	-22,611.26	
	INT INC ON OTH DEFERRALS-IV FU		201505	-22,611.26	-10,130.85	-32,742.11	
	INT INC ON OTH DEFERRALS-IV FU		201506	-32,742.11	-11,511.32	-44,253.43	
	Sum: -31,070.13						
	INT INC ON OTH DEFERRALS-IV FU	GD	201504	-7,576.41	-8,265.91	-15,842.32	
	INT INC ON OTH DEFERRALS-IV FU		201505	-15,842.32	-10,494.81	-26,337.13	
	INT INC ON OTH DEFERRALS-IV FU		201506	-26,337.13	-12,552.49	-38,889.62	
	Sum: -31,313.21						
	Sum: -62,383.34						
431605	INT EXP ON OTH DEFERRALS-IV FU	ED	201504	1,595.23	0.00	1,595.23	
	INT EXP ON OTH DEFERRALS-IV FU		201505	1,595.23	440.45	2,035.68	
	INT EXP ON OTH DEFERRALS-IV FU		201506	2,035.68	3,471.68	5,507.36	
	Sum: 3,912.13						
	INT EXP ON OTH DEFERRALS-IV FU	GD	201504	707.29	0.00	707.29	
	INT EXP ON OTH DEFERRALS-IV FU		201505	707.29	0.00	707.29	
	INT EXP ON OTH DEFERRALS-IV FU		201506	707.29	0.00	707.29	
	Sum: 0.00						
	Sum: 3,912.13						
Sum: -58,471.21							

Avista Corporation Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 2nd Quarter 2015

NOTES

As stated in the notes to the 1st Quarter 2015 Report, the Company's external auditors have determined that the decoupling deferred revenue under this mechanism qualifies as revenue per generally accepted accounting principals and therefore should be recorded in Other Electric Revenue FERC Account 456 and Other Natural Gas Revenue FERC Account 495. The 2015 amounts already recorded in FERC Account 407 Regulatory Debits and Credits were transferred to dedicated 456 and 495 sub accounts in May, and all subsequent entries will be recorded in these revenue accounts. There was no change to the balance sheet accounts associated with this transfer.

The following table shows how the decoupled revenue per customer has tracked with use per customer for the first two quarters of 2015. The similarity of the percentage change indicates that the mechanism is working as intended.

Summarized Quarterly and Year to Date Use per Customer and Decoupled Revenue Per Customer
Change versus Authorized

	Q1	Q2	YTD	%
Electric Residential				
Change in Use per Customer	(300)	(16)	(316)	-5.4%
Change in Decoupled Revenue per Customer	-\$14.15	-\$6.41	-\$20.57	-5.8%
Deferral per Average Customer	\$14.15	\$6.41	\$20.57	
Electric Non-Residential				
Change in Use per Customer	(639)	1,474	835	2.9%
Change in Decoupled Revenue per Customer	-\$31.87	\$98.06	\$66.16	3.3%
Deferral per Average Customer	\$31.87	-\$98.06	-\$66.16	
Natural Gas Residential				
Change in Use per Customer	(50)	(32)	(81)	-17.8%
Change in Decoupled Revenue per Customer	-\$15.04	-\$14.46	-\$29.50	-17.9%
Deferral per Average Customer	\$15.04	\$14.46	\$29.50	
Natural Gas Non-Residential				
Change in Use per Customer	(991)	(202)	(1,193)	-11.1%
Change in Decoupled Revenue per Customer	-\$200.81	-\$60.06	-\$260.90	-10.9%
Deferral per Average Customer	\$200.81	\$60.06	\$260.90	