

Avista Corporation Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 4th Quarter 2015

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

Line No.	Source	Oct-15	Nov-15	Dec-15	1st Quarter 2015 Total	2nd Quarter 2015 Total	3rd Quarter 2015 Total	4th Quarter 2015 Total	2015 Annual Total	
(a)	(b)	(l)	(m)	(n)	(o)					
Residential Group										
1	Actual Customers	Revenue System	208,615	208,228	210,165	620,896	619,088	621,454	627,008	2,488,446
2	Monthly Decoupled Revenue per Customer	Appendix 4, Page 3	\$52.53	\$65.53	\$83.06	\$71.04	\$47.67	\$50.42	\$67.08	\$59.08
3	Decoupled Revenue	(1) x (2)	\$ 10,959,143	\$ 13,644,766	\$ 17,456,805	\$ 44,108,946	\$ 29,512,533	\$ 31,334,244	\$ 42,060,714	\$ 147,016,437
4	Actual Base Rate Revenue	Revenue System	\$ 13,096,810	\$ 18,959,164	\$ 23,830,695					
5	Actual Basic Charge Revenue	Revenue System	\$ 1,819,349	\$ 1,806,884	\$ 1,823,573					
6	Actual Usage (kWhs)	Revenue System	144,517,723	213,318,297	261,492,406					
7	Retail Revenue Credit (\$/kWh)	Appendix 4, Page 1	\$ 0.021080	\$ 0.021080	\$ 0.021080					
8	Variable Power Supply Payments	(6) x (7)	\$ 3,046,434	\$ 4,496,750	\$ 5,512,260					
9	Customer Decoupled Payments	(4) - (5) - (8)	\$ 8,231,028	\$ 12,655,530	\$ 16,494,862	\$ 41,180,380	\$ 28,189,715	\$ 32,857,827	\$ 37,381,420	\$ 139,609,342
	Residential Revenue Per Customer Received		\$39.46	\$60.78	\$78.49	\$66.32	\$45.53	\$52.87	\$59.62	\$56.10
10	Deferral - Surcharge (Rebate)	(3) - (9)	\$ 2,728,115	\$ 989,236	\$ 961,943	\$ 2,928,567	\$ 1,322,818	\$ (1,523,583)	\$ 4,679,294	\$ 7,407,095
11	Deferral - Revenue Related Expenses	Rev Conv Factor	\$ (123,843)	\$ (44,906)	\$ (43,667)	\$ (132,942)	\$ (60,049)	\$ 69,163	\$ (212,417)	\$ (336,245)
		FERC Rate	3.25%	3.25%	3.25%					
12	Interest on Deferral	Avg Balance Calc	\$ 10,721	\$ 15,556	\$ 18,120	\$ 3,971	\$ 29,581	\$ 18,949	\$ 44,397	\$ 96,898
	Monthly Residential Deferral Totals		\$ 2,614,994	\$ 959,885	\$ 936,395	\$ 2,799,595	\$ 1,292,350	\$ (1,435,472)	\$ 4,511,274	\$ 7,167,748
13	Cumulative Residential Deferral (Rebate)/Surcharge	Σ((10) ~ (12))	\$ 5,271,468	\$ 6,231,353	\$ 7,167,748					
Non-Residential Group										
14	Actual Customers	Revenue System	35,284	35,077	35,843	105,778	105,726	105,474	106,204	423,182
15	Monthly Decoupled Revenue per Customer	Appendix 4, Page 3	\$347.29	\$341.22	\$376.40	\$342.97	\$326.53	\$378.57	\$355.11	\$350.78
16	Decoupled Revenue	(14) x (15)	\$ 12,253,678	\$ 11,968,907	\$ 13,491,213	\$ 36,278,851	\$ 34,522,992	\$ 39,929,656	\$ 37,713,797	\$ 148,445,296
17	Actual Base Rate Revenue	Revenue System	\$ 17,606,688	\$ 18,027,728	\$ 17,364,216					
18	Actual Basic Charge Revenue	Revenue System	\$ 1,611,788	\$ 1,595,841	\$ 1,623,807					
19	Actual Usage (kWhs)	Revenue System	176,161,200	180,918,565	171,400,749					
20	Retail Revenue Credit (\$/kWh)	Appendix 4, Page 1	\$ 0.021080	\$ 0.021080	\$ 0.021080					
21	Variable Power Supply Payments	(19) x (20)	\$ 3,713,478	\$ 3,813,763	\$ 3,613,128					
22	Customer Decoupled Payments	(17) - (18) - (21)	\$ 12,281,422	\$ 12,618,124	\$ 12,127,281	\$ 35,155,060	\$ 37,978,836	\$ 40,725,803	\$ 37,026,827	\$ 150,886,527
	Non-Residential Revenue Per Customer Received		\$348.07	\$359.73	\$338.34	\$332.35	\$359.22	\$386.12	\$348.64	\$356.55
23	Deferral - Surcharge (Rebate)	(16) - (22)	\$ (27,744)	\$ (649,217)	\$ 1,363,932	\$ 1,123,790	\$ (3,455,844)	\$ (796,147)	\$ 686,970	\$ (2,441,231)
24	Deferral - Revenue Related Expenses	Rev Conv Factor	\$ 1,259	\$ 29,471	\$ (61,916)	\$ (51,014)	\$ 156,878	\$ 36,141	\$ (31,185)	\$ 110,820
		FERC Rate	3.25%	3.25%	3.25%					
25	Interest on Deferral	Avg Balance Calc	\$ (8,171)	\$ (9,069)	\$ (8,169)	\$ 7,617	\$ (2,423)	\$ (22,845)	\$ (25,409)	\$ (43,061)
	Monthly Non-Residential Deferral Totals		\$ (34,656)	\$ (628,814)	\$ 1,293,847	\$ 1,080,393	\$ (3,301,390)	\$ (782,852)	\$ 630,376	\$ (2,373,472)
26	Cumulative Non-Residential Deferral (Rebate)/Surcharge	Σ((23) ~ (25))	\$ (3,038,504)	\$ (3,667,319)	\$ (2,373,472)					
25	Total Cumulative Electric Deferral	(13) + (26)	\$ 2,232,963	\$ 2,564,034	\$ 4,794,276					

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

Line No.	Source	Oct-15	Nov-15	Dec-15	1st Quarter 2015 Total	2nd Quarter 2015 Total	3rd Quarter 2015 Total	4th Quarter 2015 Total	2015 Annual Total	
(a)	(b)	(l)	(m)	(n)	(o)					
Residential Group										
1	Actual Customers	Revenue System	152,195	152,484	153,235	452,164	451,630	452,870	457,914	1,814,578
2	Monthly Decoupled Revenue per Customer	Appendix 5, Page 3	\$16.60	\$33.14	\$47.51	\$40.81	\$14.14	\$6.06	\$32.45	\$23.39
3	Decoupled Revenue	(1) x (2)	\$ 2,526,755	\$ 5,053,819	\$ 7,279,921	\$ 18,454,617	\$ 6,384,466	\$ 2,745,490	\$ 14,860,494	\$ 42,445,067
	Actual Usage	Revenue System	4,833,943	15,378,531	19,467,743					
4	Actual Base Rate Revenue (Excluding Gas Costs)	Revenue System	\$ 3,015,264	\$ 6,697,840	\$ 8,586,502					
5	Actual Fixed Charge Revenue	Revenue System	\$ 1,392,529	\$ 1,390,608	\$ 1,396,726					
6	Customer Decoupled Payments	(4) - (5)	\$ 1,622,735	\$ 5,307,232	\$ 7,189,776	\$ 16,187,446	\$ 4,207,959	\$ 2,484,284	\$ 14,119,742	\$ 36,999,431
	Residential Revenue Per Customer Received		\$10.66	\$34.81	\$46.92	\$35.80	\$9.32	\$5.49	\$30.83	\$20.39
7	Deferral - Surcharge (Rebate)	(3) - (6)	\$ 904,020	\$ (253,413)	\$ 90,145	\$ 2,267,171	\$ 2,176,508	\$ 261,206	\$ 740,752	\$ 5,445,637
8	Deferral - Revenue Related Expenses	Rev Conv Factor	\$ (40,497)	\$ 11,352	\$ (4,038)	\$ (101,562)	\$ (97,501)	\$ (11,701)	\$ (33,183)	\$ (243,948)
		FERC Rate	3.25%	3.25%	3.25%					
9	Interest on Deferral	Avg Balance Calc	\$ 13,524	\$ 14,403	\$ 14,230	\$ 4,858	\$ 26,607	\$ 36,248	\$ 42,157	\$ 109,869
	Monthly Residential Deferral Totals		\$ 877,047	\$ (227,659)	\$ 100,337	\$ 2,170,467	\$ 2,105,613	\$ 285,753	\$ 749,725	\$ 5,311,558
10	Cumulative Residential Deferral (Rebate)/Surcharge	Σ((7) + (9))	\$ 5,438,880	\$ 5,211,221	\$ 5,311,558					
Non-Residential Group										
11	Actual Customers	Revenue System	2,650	2,644	2,687	7,944	7,941	7,942	7,981	31,808
12	Monthly Decoupled Revenue per Customer	Appendix 5, Page 3	\$390.54	\$557.51	\$660.90	\$559.70	\$236.29	\$170.14	\$536.88	\$375.97
13	Decoupled Revenue	(11) x (12)	\$ 1,034,936	\$ 1,474,053	\$ 1,775,834	\$ 4,446,278	\$ 1,876,353	\$ 1,351,247	\$ 4,284,822	\$ 11,958,701
	Actual Usage	Revenue System	2,990,095	6,044,897	6,497,733					
14	Actual Base Rate Revenue (Excluding Gas Costs)	Revenue System	\$ 862,126	\$ 1,566,029	\$ 1,733,268					
15	Actual Fixed Charge Revenue	Revenue System	\$ 235,529	\$ 234,164	\$ 237,838					
16	Customer Decoupled Payments	(14) - (15)	\$ 626,596	\$ 1,331,866	\$ 1,495,430	\$ 3,914,533	\$ 1,717,379	\$ 1,079,981	\$ 3,453,892	\$ 10,165,785
	Non-Residential Revenue Per Customer Received		\$236.45	\$503.73	\$556.54	\$492.77	\$216.27	\$135.98	\$432.76	\$319.60
17	Deferral - Surcharge (Rebate)	(13) - (16)	\$ 408,339	\$ 142,187	\$ 280,404	\$ 531,745	\$ 158,975	\$ 271,266	\$ 830,930	\$ 1,792,916
18	Deferral - Revenue Related Expenses	Rev Conv Factor	\$ (18,292)	\$ (6,370)	\$ (12,561)	\$ (23,821)	\$ (7,122)	\$ (12,152)	\$ (37,223)	\$ (80,317)
		FERC Rate	3.25%	3.25%	3.25%					
19	Interest on Deferral	Avg Balance Calc	\$ 3,052	\$ 3,772	\$ 4,329	\$ 1,967	\$ 4,662	\$ 6,355	\$ 11,154	\$ 24,137
	Monthly Non-Residential Deferral Totals		\$ 393,099	\$ 139,590	\$ 272,172	\$ 509,892	\$ 156,515	\$ 265,469	\$ 804,861	\$ 1,736,736
20	Cumulative Non-Residential Deferral (Rebate)/Surcharge	Σ((17) + (19))	\$ 1,324,975	\$ 1,464,565	\$ 1,736,736					
21	Total Cumulative Natural Gas Deferral	(10) + (20)	\$ 6,763,854	\$ 6,675,786	\$ 7,048,294					

Avista Corporation Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 4th Quarter 2015

Balance Sheet Accounts

GL Account Balance Accounting Period : '201510, 201511, 201512'

Jurisdiction:WA

Deferred Revenue

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance	
186328	REG ASSET-DECOUPLING DEFERRED	ED	201510	2,656,473.94	2,614,993.63	5,271,467.57	
	REG ASSET-DECOUPLING DEFERRED		201511	5,271,467.57	959,885.14	6,231,352.71	
	REG ASSET-DECOUPLING DEFERRED		201512	6,231,352.71	936,395.39	7,167,748.10	
	Electric Service				Sum: 4,511,274.16		
	REG ASSET-DECOUPLING DEFERRED	GD	201510	4,561,832.61	877,047.03	5,438,879.64	
	REG ASSET-DECOUPLING DEFERRED		201511	5,438,879.64	-227,658.57	5,211,221.07	
	REG ASSET-DECOUPLING DEFERRED		201512	5,211,221.07	100,336.87	5,311,557.94	
	Natural Gas Service				Sum: 749,725.33		
	FERC Acct 186328				Sum: 5,260,999.49		
186338	REG ASSET NON-RES DECOUPLING D	ED	201510	-3,003,848.19	-34,656.12	-3,038,504.31	
	REG ASSET NON-RES DECOUPLING D		201511	-3,038,504.31	-628,814.29	-3,667,318.60	
	REG ASSET NON-RES DECOUPLING D		201512	-3,667,318.60	1,293,846.82	-2,373,471.78	
	Electric Service				Sum: 630,376.41		
	REG ASSET NON-RES DECOUPLING D	GD	201510	931,875.70	393,099.13	1,324,974.83	
	REG ASSET NON-RES DECOUPLING D		201511	1,324,974.83	139,589.99	1,464,564.82	
	REG ASSET NON-RES DECOUPLING D		201512	1,464,564.82	272,171.65	1,736,736.47	
	Natural Gas Service				Sum: 804,860.77		
	FERC Acct 186338				Sum: 1,435,237.18		

GL Account Balance Accounting Period : '201510, 201511, 201512'

Jurisdiction:WA

Rollover Balance

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
182328	REG ASSET- DECOUPLING SURCHARG	GD	201510	5,594.43	15.15	5,609.58
	REG ASSET- DECOUPLING SURCHARG		201511	5,609.58	15.19	5,624.77
	REG ASSET- DECOUPLING SURCHARG		201512	5,624.77	15.23	5,640.00
	Natural Gas Service				Sum: 45.57	

GL Account Balance Accounting Period : '201510, 201511, 201512'

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	201510	121,580.99	-903,118.13	-781,537.14	
	ADFIT DECOUPLING DEFERRED REV		201511	-781,537.14	-115,874.80	-897,411.94	
	ADFIT DECOUPLING DEFERRED REV		201512	-897,411.94	-780,584.77	-1,677,996.71	
	Electric Service				Sum: -1,799,577.70		
	ADFIT DECOUPLING DEFERRED REV	GD	201510	-1,924,755.96	-225,588.24	-2,150,344.20	
	ADFIT DECOUPLING DEFERRED REV		201511	-2,150,344.20	-5.32	-2,150,349.52	
	ADFIT DECOUPLING DEFERRED REV		201512	-2,150,349.52	-5.33	-2,150,354.85	
	Natural Gas Service				Sum: -225,598.89		
	FERC Acct 283328				Sum: -2,025,176.59		

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Income Statement Accounts

GL Account Balance Accounting Period : '201510, 201511, 201512'

Jurisdiction:WA

Deferred Revenue

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
456328	RESIDENTIAL DECOUPLING DEFERRE	ED	201510	-2,603,972.93	-2,604,272.39	-5,208,245.32
	RESIDENTIAL DECOUPLING DEFERRE		201511	-5,208,245.32	-944,329.47	-6,152,574.79
	RESIDENTIAL DECOUPLING DEFERRE		201512	-6,152,574.79	-918,275.31	-7,070,850.10
	FERC Acct 456328				Sum: -4,466,877.17	
456338	NON-RES DECOUPLING DEFERRED RE	ED	201510	2,986,196.58	26,484.83	3,012,681.41
	NON-RES DECOUPLING DEFERRED RE		201511	3,012,681.41	619,745.77	3,632,427.18
	NON-RES DECOUPLING DEFERRED RE		201512	3,632,427.18	-1,302,015.99	2,330,411.19
	FERC Acct 456338				Sum: -655,785.39	
495328	RESIDENTIAL DECOUPLING DEFERRE	GD	201510	-4,494,120.35	-863,522.71	-5,357,643.06
	RESIDENTIAL DECOUPLING DEFERRE		201511	-5,357,643.06	242,061.08	-5,115,581.98
	RESIDENTIAL DECOUPLING DEFERRE		201512	-5,115,581.98	-86,106.54	-5,201,688.52
	FERC Acct 495328				Sum: -707,568.17	
495338	NON-RES DECOUPLING DEFERRED RE	GD	201510	-918,891.95	-390,047.11	-1,308,939.06
	NON-RES DECOUPLING DEFERRED RE		201511	-1,308,939.06	-135,817.60	-1,444,756.66
	NON-RES DECOUPLING DEFERRED RE		201512	-1,444,756.66	-267,842.42	-1,712,599.08
	FERC Acct 495338				Sum: -793,707.13	

GL Account Balance Accounting Period : '201510, 201511, 201512'

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	201510	-63,202.22	-10,721.24	-73,923.46	
	INT INC ON OTH DEFERRALS-IV FU		201511	-73,923.46	-15,555.67	-89,479.13	
	INT INC ON OTH DEFERRALS-IV FU		201512	-89,479.13	-18,120.08	-107,599.21	
	Electric Service				Sum: -44,396.99		
	INT INC ON OTH DEFERRALS-IV FU	GD	201510	-81,537.85	-16,591.49	-98,129.34	
	INT INC ON OTH DEFERRALS-IV FU		201511	-98,129.34	-18,190.09	-116,319.43	
	INT INC ON OTH DEFERRALS-IV FU		201512	-116,319.43	-18,574.79	-134,894.22	
Natural Gas Service				Sum: -53,356.37			
FERC Acct 419605				Sum: -97,753.36			
431605	INT EXP ON OTH DEFERRALS-IV FU	ED	201510	28,352.82	8,171.29	36,524.11	
	INT EXP ON OTH DEFERRALS-IV FU		201511	36,524.11	9,068.52	45,592.63	
	INT EXP ON OTH DEFERRALS-IV FU		201512	45,592.63	8,169.17	53,761.80	
	Electric Service				Sum: 25,408.98		
	INT EXP ON OTH DEFERRALS-IV FU	GD	201510	707.29	0.00	707.29	
	INT EXP ON OTH DEFERRALS-IV FU		201511	707.29	0.00	707.29	
	INT EXP ON OTH DEFERRALS-IV FU		201512	707.29	0.00	707.29	
Natural Gas Service				Sum: 0.00			
FERC Acct 431605				Sum: 25,408.98			
Net Interest Income				Sum: -72,344.38			

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Washington Jurisdiction
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Financial Reporting Contra Asset Accounts

GL Account Balance Accounting Period : '201510, 201511, 201512'

Jurisdiction:WA

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
253311	CONTRA DECOUPLING DEFERRED REV	GD	201510	0.00	-625,623.48	-625,623.48
	CONTRA DECOUPLING DEFERRED REV		201511	-625,623.48	88,068.58	-537,554.90
	CONTRA DECOUPLING DEFERRED REV		201512	-537,554.90	-372,508.52	-910,063.42
Natural Gas Service					Sum: -910,063.42	
FERC Acct 253311					Sum: -910,063.42	
495311	CONTRA DECOUPLING DEFERRAL	GD	201510	0.00	625,623.48	625,623.48
	CONTRA DECOUPLING DEFERRAL		201511	625,623.48	-88,068.58	537,554.90
	CONTRA DECOUPLING DEFERRAL		201512	537,554.90	372,508.52	910,063.42
Natural Gas Service					Sum: 910,063.42	
FERC Acct 495311					Sum: 910,063.42	

Avista Corporation Decoupling Mechanism
Washington Jurisdiction
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NOTES

The contra decoupling accounting shown on page 5 is for financial reporting purposes only. Generally Accepted Accounting Principles allow revenue recognition from alternative revenue programs up to the amount expected to be collected within 24 months following the end of the annual period in which they are recognized. Due to the 3% annual rate increase limitation a portion of the 2015 natural gas surcharge may not be fully recovered by 12/31/2017 and therefore is not recognizable as income for financial reporting purposes in 2015. The income statement impact of the contra decoupling deferral will be eliminated for Commission Basis reporting.

The following table shows how the decoupled revenue per customer has tracked with use per customer on a quarterly basis for 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	Q3	Q4	Annual Average	%
Electric Residential						
Change in Use per Customer	(300)	(16)	155	(368)	(531)	-4.5%
Change in Decoupled Revenue per Customer	-\$14.15	-\$6.41	\$7.37	-\$22.41	-\$35.72	-5.0%
Deferral per Average Customer	\$14.15	\$6.41	-\$7.37	\$22.41	\$35.72	
Electric Non-Residential						
Change in Use per Customer	(639)	1,474	511	(502)	839	1.4%
Change in Decoupled Revenue per Customer	-\$31.87	\$98.06	\$22.64	-\$19.41	\$69.22	1.6%
Deferral per Average Customer	\$31.87	-\$98.06	-\$22.64	\$19.41	-\$69.22	
Natural Gas Residential						
Change in Use per Customer	(50)	(32)	(2)	(11)	(94)	-12.0%
Change in Decoupled Revenue per Customer	-\$15.04	-\$14.46	-\$1.73	-\$4.85	-\$36.01	-12.8%
Deferral per Average Customer	\$15.04	\$14.46	\$1.73	\$4.85	\$36.01	
Natural Gas Non-Residential						
Change in Use per Customer	(991)	(202)	(289)	(1,416)	(2,902)	-14.3%
Change in Decoupled Revenue per Customer	-\$200.81	-\$60.06	-\$102.47	-\$312.34	-\$676.40	-15.0%
Deferral per Average Customer	\$200.81	\$60.06	\$102.47	\$312.34	\$676.40	