

ATTACHMENT A

Schedule 75

Annual Electric Decoupling Rate Adjustment

Rate Calculation for
November 1, 2016 – October 31, 2017

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

Line No.	Date	Residential Electric Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.00280	3.50%	
2	Oct-16	\$6,915,721		
3	Nov-16	\$6,284,957	\$19,251	225,272,780
4	Dec-16	\$5,493,188	\$17,176	282,774,484
5	Jan-17	\$4,712,934	\$14,884	278,662,197
6	Feb-17	\$4,077,537	\$12,819	226,927,615
7	Mar-17	\$3,442,197	\$10,966	226,907,050
8	Apr-17	\$2,929,850	\$9,293	182,981,220
9	May-17	\$2,463,312	\$7,865	166,620,509
10	Jun-17	\$2,014,951	\$6,531	160,129,002
11	Jul-17	\$1,480,368	\$5,097	190,922,680
12	Aug-17	\$957,016	\$3,555	186,911,412
13	Sep-17	\$522,522	\$2,158	155,176,323
14	Oct-17	\$11,516	\$779	182,502,193
15	Annual Total		\$110,374	2,465,787,464
16	Incremental Rate to Recover Estimated Interest		\$0.00004	
17	Estimated Rate to Recover Deferral Balance		\$0.00280	
18	Rate before Gross-up for Revenue-related items		\$0.00284	
19	Times: Gross-up for Revenue-related items (3)		1.049551	
20	Preliminary Proposed Decoupling Rate		\$0.00298	
21	3% Test Rate Adjustment (4)		(\$0.00035)	
22	Final Proposed Decoupling Rate		\$0.00263	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.00251	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		\$853,240	

Notes

- (1) Deferral balance at the end of the month, Rate of \$0.00280 to recover the October 2016 balance of \$6,915,721 over 12 months. See page 2 of Attachment A for October 2016 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) 2015 Commission Basis conversion factor, see page 7 of Attachment A.
- (4) See pages 5 and 6 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, 2016 - October 31, 2017

Residential Electric
 Calculate Estimated Monthly Balances through October 2017

Line No.		Ending Balance	Interest 3.25% Q1 2016 3.46% Q2 2016 3.50% Q3 2016	Amortization
1	Dec-15	\$7,167,748		
2	Earnings Sharing Adjustment	(\$445,679)		
3	Adjusted December Balance	\$6,722,069		
4	Jan-16	\$6,740,274	\$18,206	
5	Feb-16	\$6,758,529	\$18,255	
6	Mar-16	\$6,776,833	\$18,304	
7	Apr-16	\$6,796,373	\$19,540	
8	May-16	\$6,815,969	\$19,596	
9	Jun-16	\$6,835,622	\$19,653	
10	Jul-16	\$6,855,559	\$19,937	
11	Aug-16	\$6,875,555	\$19,995	
12	Sep-16	\$6,895,609	\$20,054	
13	Oct-16	\$6,915,721	\$20,112	
14	Nov-16	\$6,369,632	\$19,346	\$565,435
15	Dec-16	\$5,677,411	\$17,543	\$709,764
16	Jan-17	\$4,993,508	\$15,539	\$699,442
17	Feb-17	\$4,437,654	\$13,734	\$569,588
18	Mar-17	\$3,880,230	\$12,113	\$569,537
19	Apr-17	\$3,431,594	\$10,648	\$459,283
20	May-17	\$3,022,776	\$9,399	\$418,217
21	Jun-17	\$2,629,082	\$8,230	\$401,924
22	Jul-17	\$2,156,836	\$6,969	\$479,216
23	Aug-17	\$1,693,295	\$5,607	\$469,148
24	Sep-17	\$1,308,173	\$4,371	\$389,493
25	Oct-17	\$853,240	\$3,147	\$458,081
26	Total		\$320,298	\$6,189,127

Summary

27	2015 Deferred Revenue	\$7,167,748
28	Less Earnings Sharing	(\$445,679)
29	Add Interest through 10/31/2017	\$320,298
30	Add Revenue Related Expense Adj.	\$295,894
31	Total Requested Recovery	\$7,338,261
32	Customer Surcharge Revenue	\$6,485,021
33	Carryover Deferred Revenue	\$853,240

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

Line No.	Date	Non-Residential Electric		
		Unamortized Balance (1)	Interest (2)	Forecast Usage
1		-0.00135	3.50%	
2	Oct-16	(\$2,908,126)		
3	Nov-16	(\$2,673,793)	(\$8,140)	173,580,210
4	Dec-16	(\$2,418,990)	(\$7,427)	188,742,856
5	Jan-17	(\$2,167,035)	(\$6,688)	186,633,257
6	Feb-17	(\$1,949,764)	(\$6,004)	160,941,988
7	Mar-17	(\$1,716,357)	(\$5,346)	172,893,927
8	Apr-17	(\$1,501,053)	(\$4,692)	159,484,177
9	May-17	(\$1,272,503)	(\$4,045)	169,296,357
10	Jun-17	(\$1,031,852)	(\$3,361)	178,260,103
11	Jul-17	(\$750,056)	(\$2,599)	208,738,146
12	Aug-17	(\$474,017)	(\$1,785)	204,472,726
13	Sep-17	(\$241,826)	(\$1,044)	171,993,920
14	Oct-17	\$745	(\$352)	179,682,075
15	Annual Total		(\$51,482)	2,154,719,740
16	Incremental Rate to Recover Estimated Interest		(\$0.00002)	
17	Estimated Rate to Recover Deferral Balance		(\$0.00135)	
18	Rate before Gross-up for Revenue-related items		(\$0.00137)	
19	Times: Gross-up for Revenue-related items (3)		1.049551	
20	Preliminary Proposed Decoupling Rate		(\$0.00144)	
21	3% Test Rate Adjustment (4)		\$0.00000	
22	Final Proposed Decoupling Rate		(\$0.00144)	Rebate Rate
23	Adjusted for Revenue Related Expenses		(\$0.00137)	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		\$0	

Notes

- (1) Deferral balance at the end of the month, Rate of -\$0.00135 to recover the October 2016 balance of -\$2,908,126 over 12 months. See page 4 of Attachment A for October 2016 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) 2015 Commission Basis conversion factor, see page 7 of Attachment A.
- (4) See pages 5 and 6 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, 2016 - October 31, 2017

Non-Residential Electric
Calculate Estimated Monthly Balances through October 2017

Line No.		Ending Balance	Interest		Amortization
			3.25% Q1 2016	3.46% Q2 2016	
			3.50% Q3 2016		
1	Dec-15	(\$2,373,472)			
2	Earnings Sharing Adjustment	(\$453,222)			
3	Adjusted December Balance	(\$2,826,694)			
4	Jan-16	(\$2,834,350)	(\$7,656)		
5	Feb-16	(\$2,842,026)	(\$7,676)		
6	Mar-16	(\$2,849,723)	(\$7,697)		
7	Apr-16	(\$2,857,940)	(\$8,217)		
8	May-16	(\$2,866,180)	(\$8,240)		
9	Jun-16	(\$2,874,444)	(\$8,264)		
10	Jul-16	(\$2,882,828)	(\$8,384)		
11	Aug-16	(\$2,891,236)	(\$8,408)		
12	Sep-16	(\$2,899,669)	(\$8,433)		
13	Oct-16	(\$2,908,126)	(\$8,457)		
14	Nov-16	(\$2,678,457)	(\$8,135)		(\$237,805)
15	Dec-16	(\$2,427,314)	(\$7,435)		(\$258,578)
16	Jan-17	(\$2,178,333)	(\$6,707)		(\$255,688)
17	Feb-17	(\$1,963,875)	(\$6,032)		(\$220,491)
18	Mar-17	(\$1,732,393)	(\$5,383)		(\$236,865)
19	Apr-17	(\$1,518,634)	(\$4,734)		(\$218,493)
20	May-17	(\$1,290,789)	(\$4,091)		(\$231,936)
21	Jun-17	(\$1,049,981)	(\$3,409)		(\$244,216)
22	Jul-17	(\$766,655)	(\$2,645)		(\$285,971)
23	Aug-17	(\$488,355)	(\$1,828)		(\$280,128)
24	Sep-17	(\$253,804)	(\$1,081)		(\$235,632)
25	Oct-17	(\$8,021)	(\$381)		(\$246,164)
26	Total		(\$133,293)		(\$2,951,966)

Summary		
27	2015 Deferred Revenue	(\$2,373,472)
28	Less Earnings Sharing	(\$453,222)
29	Add Interest through 10/31/2017	(\$133,293)
30	Add Revenue Related Expense Adj.	(\$142,809)
31	Total Requested Refund	(\$3,102,796)
32	Customer Rebate Revenue	(\$3,102,796)
33	Carryover Deferred Revenue	\$0

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2015 Deferrals

2015 Commission Basis Earnings Test for Decoupling

Line No.		Electric
1	Rate Base	\$ 1,338,806,000
2	Net Income	\$ 99,114,000
3	Calculated ROR	7.40%
4	Base ROR	7.32%
5	Excess ROR	0.08%
6	Excess Earnings	\$ 1,113,401
7	Conversion Factor	0.619312
8	Excess Revenue (Excess Earnings/CF)	\$ 1,797,803
9	Sharing %	50%
10	2015 Total Earnings Test Sharing	\$ 898,901

Revenue From 2015 Normalized Loads and Customers at Present Billing Rates

11	Residential Revenue	\$ 216,224,542	49.58%
12	Non-Residential Revenue	\$ 219,883,826	50.42%
13	Total Normalized Revenue	\$ 436,108,368	100.00%

Earnings Test Sharing Adjustment

14	Residential	\$ 445,679
15	Non-Residential	\$ 453,222
16	Total	<u>\$ 898,901</u>

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2015 Deferrals

3% Incremental Surcharge Test

Line No.		Electric
	November 2016 - October 2017 Usage	
1	Residential	2,465,787,464
2	Non-Residential	2,154,719,740
	Proposed Decoupling Recovery Rates	
3	Residential	\$0.00298
4	Non-Residential	-\$0.00144
	Present Decoupling Recovery Rates	
5	Residential	\$0.00000
6	Non-Residential	\$0.00000
	Incremental Decoupling Recovery Rates	
7	Residential	\$0.00298
8	Non-Residential	-\$0.00144
9	Incremental Decoupling Recovery	\$ 4,245,250
10	Residential	\$ 7,348,047
11	Non-Residential	\$ (3,102,796)
	Incremental Surcharge %	
12	Residential	3.40%
13	Non-Residential	-1.41%
	3% Test Adjustment (1)	
14	Residential	\$ (861,310)
15	Non-Residential	\$ -
	3% Test Rate Adjustment	
16	Residential	-\$0.00035
17	Non-Residential	\$0.00000
	Adjusted Proposed Decoupling Recovery Rates	
18	Residential	\$0.00263
19	Non-Residential	-\$0.00144
20	Adjusted Incremental Decoupling Recovery	3,382,225
21	Residential	6,485,021
22	Non-Residential	(3,102,796)
	Adjusted Incremental Surcharge %	
23	Residential	3.00%
24	Non-Residential	-1.41%

Notes

(1) 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, 2015

Line No.	Description	Factor
1	Revenues	<i>1.000000</i>
	Expense:	
2	Uncollectibles	<i>0.006739</i>
3	Commission Fees	<i>0.002000</i>
4	Washington Excise Tax	<i>0.038473</i>
5	Total Expense	<u><i>0.047212</i></u>
6	Net Operating Income Before FIT	<i>0.952788</i>
7	Federal Income Tax @ 35%	<u><i>0.333476</i></u>
8	REVENUE CONVERSION FACTOR	<u><u><i>0.619312</i></u></u>
9	2015 Commission Basis Conversion Factor Gross Up Factor	1.049551