

Avista Corporation Decoupling Mechanism  
Washington Jurisdiction  
Quarterly Report for 3rd Quarter 2016

**Avista Utilities**  
**Decoupling Mechanism - UE-150204 Base effective 1/11/2016**  
**Development of WA Electric Deferrals (Calendar Year 2016)**

Line No.	Source				1st Quarter 2016	2nd Quarter 2016	3rd Quarter 2016	2016 YTD	
		Jul-16	Aug-16	Sep-16	Total	Total	Total	Total	
(a)	(b)	(i)	(j)	(k)					
<b>Residential Group</b>									
1	Actual Customers	Revenue System	209,204	209,512	210,314	628,385	627,374	629,030	1,884,789
2	Monthly Decoupled Revenue per Customer	Attachment 4, Page 3	\$47.58	\$56.26	\$45.47	\$76.10	\$50.38	\$49.77	\$58.75
3	Decoupled Revenue	(1) x (2)	\$ 9,954,148	\$ 11,786,424	\$ 9,563,286	\$ 47,822,570	\$ 31,607,357	\$ 31,303,858	\$ 110,733,785
4	Actual Base Rate Revenue	Revenue System	\$ 15,745,170	\$ 16,208,773	\$ 13,825,250				
5	Actual Basic Charge Revenue	Revenue System	\$ 1,833,280	\$ 1,848,334	\$ 1,838,516				
6	Actual Usage (kWhs)	Revenue System	178,634,451	181,567,778	154,183,097				
		Attachment 4, Page							
7	Retail Revenue Credit (\$/kWh)	1	\$ 0.01641	\$ 0.01641	\$ 0.01641				
8	Variable Power Supply Payments	(6) x (7)	\$ 2,931,391	\$ 2,979,527	\$ 2,530,145				
9	Customer Decoupled Payments	(4) - (5) - (8)	\$ 10,980,499	\$ 11,380,912	\$ 9,456,589	\$ 44,130,066	\$ 27,454,412	\$ 31,818,000	\$ 103,402,478
	Residential Revenue Per Customer Received		\$52.49	\$54.32	\$44.96	\$70.23	\$43.76	\$50.58	\$54.86
10	Deferral - Surcharge (Rebate)	(3) - (9)	\$ (1,026,351)	\$ 405,512	\$ 106,697	\$ 3,692,504	\$ 4,152,945	\$ (514,142)	\$ 7,331,307
11	Deferral - Revenue Related Expenses	Rev Conv Factor	\$ 47,089	\$ (18,605)	\$ (4,895)	\$ (169,569)	\$ (190,537)	\$ 23,589	\$ (336,517)
		FERC Rate	3.50%	3.50%	3.50%				
12	Interest on Deferral	Avg Balance Calc	\$ 20,575	\$ 19,771	\$ 20,541	\$ 6,592	\$ 51,929	\$ 60,887	\$ 119,408
	<b>Monthly Residential Deferral Totals</b>		<b>\$ (958,687)</b>	<b>\$ 406,678</b>	<b>\$ 122,343</b>	<b>\$ 3,529,528</b>	<b>\$ 4,014,337</b>	<b>\$ (429,666)</b>	<b>\$ 7,114,199</b>
13	Cumulative Residential Deferral Surcharge/(Rebate) Balance	$\Sigma((10) - (12))$	\$ 6,585,177	\$ 6,991,856	\$ 7,114,199				
<b>Non-Residential Group</b>									
14	Actual Customers	Revenue System	35,519	35,694	35,669	106,474	106,671	106,882	320,027
15	Monthly Decoupled Revenue per Customer	Attachment 4, Page 3	\$416.90	\$389.60	\$372.63	\$358.14	\$366.25	\$393.01	\$372.49
16	Decoupled Revenue	(14) x (15)	\$ 14,808,048	\$ 13,906,242	\$ 13,291,483	\$ 38,132,380	\$ 39,068,353	\$ 42,005,773	\$ 119,206,506
17	Actual Base Rate Revenue	Revenue System	\$ 19,234,390	\$ 18,762,263	\$ 17,379,615				
18	Actual Basic Charge Revenue	Revenue System	\$ 1,567,372	\$ 1,565,138	\$ 1,570,581				
19	Actual Usage (kWhs)	Revenue System	201,220,320	194,881,850	178,530,679				
		Attachment 4, Page							
20	Retail Revenue Credit (\$/kWh)	1	\$ 0.01641	\$ 0.01641	\$ 0.01641				
21	Variable Power Supply Payments	(19) x (20)	\$ 3,302,025	\$ 3,198,011	\$ 2,929,688				
22	Customer Decoupled Payments	(17) - (18) - (21)	\$ 14,364,993	\$ 13,999,113	\$ 12,879,346	\$ 37,547,838	\$ 38,417,919	\$ 41,243,452	\$ 117,209,209
	Non-Residential Revenue Per Customer Received		\$404.43	\$392.20	\$361.08	\$352.65	\$360.15	\$385.88	\$366.25
23	Deferral - Surcharge (Rebate)	(16) - (22)	\$ 443,056	\$ (92,871)	\$ 412,137	\$ 584,542	\$ 650,434	\$ 762,321	\$ 1,997,298
24	Deferral - Revenue Related Expenses	Rev Conv Factor	\$ (20,327)	\$ 4,261	\$ (18,909)	\$ (26,775)	\$ (29,842)	\$ (34,975)	\$ (91,592)
		FERC Rate	3.50%	3.50%	3.50%				
25	Interest on Deferral	Avg Balance Calc	\$ 4,085	\$ 4,585	\$ 5,042	\$ 2,509	\$ 8,475	\$ 13,712	\$ 24,697
	<b>Monthly Non-Residential Deferral Totals</b>		<b>\$ 426,814</b>	<b>\$ (84,026)</b>	<b>\$ 398,270</b>	<b>\$ 560,277</b>	<b>\$ 629,067</b>	<b>\$ 741,058</b>	<b>\$ 1,930,403</b>
26	Cumulative Non-Residential Deferral Surcharge/(Rebate) Balance	$\Sigma((23) - (25))$	\$ 1,616,158	\$ 1,532,132	\$ 1,930,403				
27	<b>Total Cumulative Electric Deferral</b>	<b>(13) + (26)</b>	<b>\$ 8,201,335</b>	<b>\$ 8,523,988</b>	<b>\$ 9,044,601</b>				

Avista Corporation Decoupling Mechanism  
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**Avista Utilities**  
**Decoupling Mechanism - UG-150205 Base effective 1/11/2016**  
**Development of WA Natural Gas Deferrals (Calendar Year 2016)**

Line No.	Source				1st Quarter	2nd Quarter	3rd Quarter	2016 YTD	
		Jul-16	Aug-16	Sep-16	2016	2016	2016	Total	
(a)	(b)	(i)	(j)	(k)	(o)		(o)		
<b>Residential Group</b>									
1	Actual Customers	Revenue System	153,459	153,740	154,156	460,305	459,973	461,355	1,381,633
2	Monthly Decoupled Revenue per Customer	Attachment 5, Page 3	\$6.09	\$5.95	\$7.93	\$49.68	\$15.27	\$6.66	\$23.86
3	Decoupled Revenue	(1) x (2)	\$ 934,689	\$ 915,255	\$ 1,222,406	\$ 22,869,686	\$ 7,025,713	\$ 3,072,351	\$ 32,967,750
Actual Usage (informational only)									
Actual Base Rate Revenue (Excludes Gas Costs)									
4		Revenue System	\$ 2,330,790	\$ 2,442,106	\$ 2,634,492				
5	Actual Fixed Charge Revenue	Revenue System	\$ 1,407,339	\$ 1,413,126	\$ 1,411,704				
6	Customer Decoupled Payments	(4) - (5)	\$ 923,451	\$ 1,028,980	\$ 1,222,788	\$ 20,187,656	\$ 4,345,332	\$ 3,175,219	\$ 27,708,208
Residential Revenue Per Customer Received									
7	Deferral - Surcharge (Rebate)	( ) - (6)	\$ 11,238	\$ (113,725)	\$ (382)	\$ 2,682,030	\$ 2,680,380	\$ (102,868)	\$ 5,259,542
8	Deferral - Revenue Related Expenses	Rev Conv Factor	\$ (513)	\$ 5,194	\$ 17	\$ (122,924)	\$ (122,408)	\$ 4,698	\$ (240,634)
FERC Rate 3.50%									
9	Interest on Deferral	Avg Balance Calc	\$ 15,067	\$ 14,969	\$ 14,853	\$ 6,810	\$ 36,673	\$ 44,889	\$ 88,372
<b>Monthly Residential Deferral Totals</b>			<b>\$ 25,792</b>	<b>\$ (93,563)</b>	<b>\$ 14,489</b>	<b>\$ 2,565,916</b>	<b>\$ 2,594,645</b>	<b>\$ (53,281)</b>	<b>\$ 5,107,280</b>
Cumulative Residential Deferral Surcharge/(Rebate) Balance									
10		Σ((8) + (9))	\$ 5,186,354	\$ 5,092,791	\$ 5,107,280				
<b>Non-Residential Group</b>									
11	Actual Customers	Revenue System	2,794	2,775	2,794	8,077	8,359	8,363	24,799
12	Monthly Decoupled Revenue per Customer	Attachment 5, Page 3	\$168.58	\$165.55	\$202.04	\$636.87	\$296.64	\$178.75	\$367.70
13	Decoupled Revenue	(11) x (12)	\$ 471,003	\$ 459,395	\$ 564,489	\$ 5,144,014	\$ 2,479,584	\$ 1,494,886	\$ 9,118,484
Actual Usage (informational only)									
Actual Base Rate Revenue (Excludes Gas Costs)									
14		Revenue System	\$ 690,821	\$ 709,441	\$ 818,005				
15	Actual Fixed Charge Revenue	Revenue System	\$ 287,473	\$ 286,537	\$ 287,792				
16	Customer Decoupled Payments	(14) - (15)	\$ 403,348	\$ 422,904	\$ 530,213	\$ 4,502,544	\$ 1,770,889	\$ 1,356,465	\$ 7,629,898
Non-Residential Revenue Per Customer Received									
17	Deferral - Surcharge (Rebate)	(13) - (16)	\$ 67,655	\$ 36,491	\$ 34,276	\$ 641,470	\$ 708,695	\$ 138,421	\$ 1,488,586
18	Deferral - Revenue Related Expenses	Rev Conv Factor	\$ (3,090)	\$ (1,666)	\$ (1,565)	\$ (29,305)	\$ (32,365)	\$ (6,321)	\$ (67,991)
FERC Rate 3.50%									
19	Interest on Deferral	Avg Balance Calc	\$ 3,884	\$ 4,041	\$ 4,151	\$ 2,415	\$ 8,622	\$ 12,076	\$ 23,114
<b>Monthly Non-Residential Deferral Totals</b>			<b>\$ 68,449</b>	<b>\$ 38,865</b>	<b>\$ 36,861</b>	<b>\$ 614,580</b>	<b>\$ 684,952</b>	<b>\$ 144,176</b>	<b>\$ 1,443,709</b>
Cumulative Non-Residential Deferral Surcharge/(Rebate) Balance									
20		Σ((17) + (19))	\$ 1,367,982	\$ 1,406,848	\$ 1,443,709				
21	<b>Total Cumulative Natural Gas Deferral</b>	<b>(10) + (20)</b>	<b>\$ 6,554,336</b>	<b>\$ 6,499,639</b>	<b>\$ 6,550,989</b>				

Avista Corporation Decoupling Mechanism  
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**Balance Sheet Accounts**

GL Account Balance Accounting Period : '201604, 201605, 201606'

Jurisdiction:WA

**Deferred Revenue**

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance	
186328	REG ASSET-DECOUPLING DEFERRED	ED	201607	7,543,864.91	-958,687.30	6,585,177.61	
	REG ASSET-DECOUPLING DEFERRED		201608	6,585,177.61	406,678.40	6,991,856.01	
	REG ASSET-DECOUPLING DEFERRED		201609	6,991,856.01	122,343.29	7,114,199.30	
	<b>Electric Service</b>				<b>Sum: -429,665.61</b>		
	REG ASSET-DECOUPLING DEFERRED	GD	201607	5,160,561.41	25,792.37	5,186,353.78	
	REG ASSET-DECOUPLING DEFERRED		201608	5,186,353.78	-93,562.56	5,092,791.22	
	REG ASSET-DECOUPLING DEFERRED		201609	5,092,791.22	14,489.04	5,107,280.26	
	<b>Natural Gas Service</b>				<b>Sum: -53,281.15</b>		
	<b>FERC Acct 186328</b>				<b>Sum: -482,946.76</b>		
186338	REG ASSET NON-RES DECOUPLING D	ED	201607	1,189,344.43	426,813.63	1,616,158.06	
	REG ASSET NON-RES DECOUPLING D		201608	1,616,158.06	-84,025.86	1,532,132.20	
	REG ASSET NON-RES DECOUPLING D		201609	1,532,132.20	398,270.39	1,930,402.59	
	<b>Electric Service</b>				<b>Sum: 741,058.16</b>		
	REG ASSET NON-RES DECOUPLING D	GD	201607	1,299,533.05	69,449.38	1,368,982.43	
	REG ASSET NON-RES DECOUPLING D		201608	1,368,982.43	37,865.25	1,406,847.68	
	REG ASSET NON-RES DECOUPLING D		201609	1,406,847.68	36,861.44	1,443,709.12	
	<b>Natural Gas Service</b>				<b>Sum: 144,176.07</b>		
	<b>FERC Acct 186338</b>				<b>Sum: 885,234.23</b>		

GL Account Balance Accounting Period : '201604, 201605, 201606'

Jurisdiction:WA

**Rollover Balance**

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
182328	REG ASSET- DECOUPLING SURCHARG	GD	201607	5,735.27	16.73	5,752.00
	REG ASSET- DECOUPLING SURCHARG		201608	5,752.00	16.78	5,768.78
	REG ASSET- DECOUPLING SURCHARG		201609	5,768.78	16.83	5,785.61
	<b>Natural Gas Service</b>				<b>Sum: 50.34</b>	

GL Account Balance Accounting Period : '201604, 201605, 201606'

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Jurisdiction:WA

**2015 Deferred Revenue Pending Recovery**

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance	
182329	REG ASSET- DECOUPLING PRIOR YE	ED	201607	7,288,830.48	21,259.09	7,310,089.57	
	REG ASSET- DECOUPLING PRIOR YE		201608	7,310,089.57	-434,534.19	6,875,555.38	
	REG ASSET- DECOUPLING PRIOR YE		201609	6,875,555.38	20,053.70	6,895,609.08	
	<b>Electric Service</b>				<b>Sum: -393,221.40</b>		
	REG ASSET- DECOUPLING PRIOR YE	GD	201607	5,401,284.31	15,753.75	5,417,038.06	
	REG ASSET- DECOUPLING PRIOR YE		201608	5,417,038.06	15,799.69	5,432,837.75	
	REG ASSET- DECOUPLING PRIOR YE		201609	5,432,837.75	15,845.78	5,448,683.53	
	<b>Natural Gas Service</b>				<b>Sum: 47,399.22</b>		
	<b>FERC Acct 182329</b>				<b>Sum: -345,822.18</b>		
182339	REG ASSET - NON RES DECOUPLING	ED	201607	-2,413,566.04	-7,039.57	-2,420,605.61	
	REG ASSET - NON RES DECOUPLING		201608	-2,420,605.61	-470,630.61	-2,891,236.22	
	REG ASSET - NON RES DECOUPLING		201609	-2,891,236.22	-8,432.77	-2,899,668.99	
	<b>Electric Service</b>				<b>Sum: -486,102.95</b>		
	REG ASSET - NON RES DECOUPLING	GD	201607	1,766,074.57	5,151.05	1,771,225.62	
	REG ASSET - NON RES DECOUPLING		201608	1,771,225.62	5,166.07	1,776,391.69	
	REG ASSET - NON RES DECOUPLING		201609	1,776,391.69	5,181.14	1,781,572.83	
	<b>Natural Gas Service</b>				<b>Sum: 15,498.26</b>		
	<b>FERC Acct 182339</b>				<b>Sum: -470,604.69</b>		

GL Account Balance Accounting Period : '201604, 201605, 201606'

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	201607	-4,752,649.85	170,863.05	-4,581,786.80	
	ADFIT DECOUPLING DEFERRED REV		201608	-4,581,786.80	203,879.29	-4,377,907.51	
	ADFIT DECOUPLING DEFERRED REV		201609	-4,377,907.51	-186,282.12	-4,564,189.63	
	<b>Electric Service</b>				<b>Sum: 188,460.22</b>		
	ADFIT DECOUPLING DEFERRED REV	GD	201607	-4,579,265.99	-111,336.84	-4,690,602.83	
	ADFIT DECOUPLING DEFERRED REV		201608	-4,690,602.83	-29,173.28	-4,719,776.11	
	ADFIT DECOUPLING DEFERRED REV		201609	-4,719,776.11	-37,155.03	-4,756,931.14	
	<b>Natural Gas Service</b>				<b>Sum: -177,665.15</b>		
	<b>FERC Acct 283328</b>				<b>Sum: 10,795.07</b>		

Avista Corporation Decoupling Mechanism  
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**Income Statement Accounts**

GL Account Balance Accounting Period : '201604, 201605, 201606'

Jurisdiction:WA

**Deferred Revenue**

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
456328	RESIDENTIAL DECOUPLING DEFERRE	ED	201607	-7,485,343.27	979,262.15	-6,506,081.12
	RESIDENTIAL DECOUPLING DEFERRE		201608	-6,506,081.12	-386,907.39	-6,892,988.51
	RESIDENTIAL DECOUPLING DEFERRE		201609	-6,892,988.51	-101,801.92	-6,994,790.43
	<b>FERC Acct 456328</b>				<b>Sum: 490,552.84</b>	
456338	NON-RES DECOUPLING DEFERRED RE	ED	201607	-1,178,359.85	-422,728.23	-1,601,088.08
	NON-RES DECOUPLING DEFERRED RE		201608	-1,601,088.08	88,610.43	-1,512,477.65
	NON-RES DECOUPLING DEFERRED RE		201609	-1,512,477.65	-393,228.21	-1,905,705.86
	<b>FERC Acct 456338</b>				<b>Sum: -727,346.01</b>	
495328	RESIDENTIAL DECOUPLING DEFERRE	GD	201607	-5,117,078.83	-10,725.09	-5,127,803.92
	RESIDENTIAL DECOUPLING DEFERRE		201608	-5,127,803.92	108,531.15	-5,019,272.77
	RESIDENTIAL DECOUPLING DEFERRE		201609	-5,019,272.77	364.40	-5,018,908.37
	<b>FERC Acct 495328</b>				<b>Sum: 98,170.46</b>	
495338	NON-RES DECOUPLING DEFERRED RE	GD	201607	-1,288,495.44	-65,564.92	-1,354,060.36
	NON-RES DECOUPLING DEFERRED RE		201608	-1,354,060.36	-33,824.52	-1,387,884.88
	NON-RES DECOUPLING DEFERRED RE		201609	-1,387,884.88	-32,710.43	-1,420,595.31
	<b>FERC Acct 495338</b>				<b>Sum: -132,099.87</b>	

GL Account Balance Accounting Period : '201604, 201605, 201606'

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	201607	-191,434.27	-45,919.34	-237,353.61	
	INT INC ON OTH DEFERRALS-IV FU		201608	-237,353.61	-35,500.39	-272,854.00	
	INT INC ON OTH DEFERRALS-IV FU		201609	-272,854.00	-45,637.25	-318,491.25	
	<b>Electric Service</b>				<b>Sum: -127,056.98</b>		
	INT INC ON OTH DEFERRALS-IV FU	GD	201607	-173,921.24	-39,873.27	-213,794.51	
	INT INC ON OTH DEFERRALS-IV FU		201608	-213,794.51	-39,991.86	-253,786.37	
	INT INC ON OTH DEFERRALS-IV FU		201609	-253,786.37	-40,048.20	-293,834.57	
<b>Natural Gas Service</b>				<b>Sum: -119,913.33</b>			
<b>FERC Acct 419605</b>				<b>Sum: -246,970.31</b>			
431605	INT EXP ON OTH DEFERRALS-IV FU	ED	201607	40,939.93	7,039.57	47,979.50	
	INT EXP ON OTH DEFERRALS-IV FU		201608	47,979.50	17,408.61	65,388.11	
	INT EXP ON OTH DEFERRALS-IV FU		201609	65,388.11	8,432.77	73,820.88	
	<b>Electric Service</b>				<b>Sum: 32,880.95</b>		
	INT EXP ON OTH DEFERRALS-IV FU	GD	201607	241.31	0.00	241.31	
	INT EXP ON OTH DEFERRALS-IV FU		201608	241.31	0.00	241.31	
	INT EXP ON OTH DEFERRALS-IV FU		201609	241.31	0.00	241.31	
<b>Natural Gas Service</b>				<b>Sum: 0.00</b>			
<b>FERC Acct 431605</b>				<b>Sum: 32,880.95</b>			
<b>Net Interest Income</b>				<b>Sum: -214,089.36</b>			

Avista Corporation Decoupling Mechanism  
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**Financial Reporting Contra Asset Accounts**

GL Account Balance Accounting Period : '201604, 201605, 201606'

Jurisdiction:WA

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance	
253311	CONTRA DECOUPLING DEFERRED REV	ED	201607	-29,474.00	29,474.00	0.00	
			201608	0.00	0.00	0.00	
	CONTRA DECOUPLING DEFERRED REV		201609	0.00	0.00	0.00	
	<b>Electric Service</b>				<b>Sum: 29,474.00</b>		
	CONTRA DECOUPLING DEFERRED REV	GD	201607	-549,798.00	201,942.00	-347,856.00	
	CONTRA DECOUPLING DEFERRED REV		201608	-347,856.00	118,067.00	-229,789.00	
	CONTRA DECOUPLING DEFERRED REV		201609	-229,789.00	33,763.00	-196,026.00	
	<b>Natural Gas Service</b>				<b>Sum: 353,772.00</b>		
	<b>FERC Acct 253311</b>				<b>Sum: 383,246.00</b>		
456311	CONTRA DECOUPLING DEFERRAL	ED	201609	0.00	-11,274.00	-11,274.00	
	<b>Electric Service</b>				<b>Sum: -11,274.00</b>		
495311	CONTRA DECOUPLING DEFERRAL	GD	201607	-360,265.42	-201,942.00	-562,207.42	
	CONTRA DECOUPLING DEFERRAL		201608	-562,207.42	-118,067.00	-680,274.42	
	CONTRA DECOUPLING DEFERRAL		201609	-680,274.42	-22,489.00	-702,763.42	
	<b>Natural Gas Service</b>				<b>Sum: -342,498.00</b>		
<b>FERC Accts 495311 and 456311</b>				<b>-353,772.00</b>			

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Washington Jurisdiction Decoupling Mechanism Interest Summary

	Electric				
	Total Interest	419605	431605	Net Inc/Exp	
Jul-16	\$38,880	\$45,919	(\$7,040)	\$38,880	(\$0)
Aug-16	\$18,092	\$35,500	(\$17,409)	\$18,092	(\$0)
Sep-16	\$37,204	\$45,637	(\$8,433)	\$37,204	\$0
Q3 Total	\$94,176	\$127,057	(\$32,881)	\$94,176	(\$0)

186328 ED	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Jun-16	\$182,737	\$21,426		\$7,543,864	3.46%
Jul-16	(\$979,262)	\$20,575		\$6,585,177	3.50%
Aug-16	\$386,907	\$19,771		\$6,991,856	3.50%
Sep-16	\$101,802	\$20,541		\$7,114,199	3.50%

186338 ED	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Jun-16	(\$2,503)	\$3,423		\$1,189,344	3.46%
Jul-16	\$422,728	\$4,085		\$1,616,158	3.50%
Aug-16	(\$88,610)	\$4,585		\$1,532,132	3.50%
Sep-16	\$393,228	\$5,042		\$1,930,403	3.50%

182329 ED	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Jun-16		\$20,956		\$7,288,830	3.46%
Jul-16		\$21,259		\$7,310,090	3.50%
Aug-16	* (\$445,679)	(\$8,851)		\$6,855,560	3.50%
Aug-16		\$19,995		\$6,875,555	3.50%
Sep-16		\$20,054		\$6,895,609	3.50%

\* TRANSFER 2015 EARNINGS TEST PROVISION FOR RATE REFUND 2015 RESIDENTIAL DEFERRED REVENUE.

182339 ED	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Jun-16		(\$6,939)		(\$2,413,566)	3.46%
Jul-16		(\$7,040)		(\$2,420,606)	3.50%
Aug-16	* (\$453,222)	(\$9,000)		(\$2,882,828)	3.50%
Aug-16		(\$8,408)		(\$2,891,236)	3.50%
Sep-16		(\$8,433)		(\$2,899,669)	3.50%

\* TRANSFER 2015 EARNINGS TEST PROVISION FOR RATE REFUND 2015 NON-RES DEFERRED REVENUE.

182328 ED	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Jun-16		\$0		\$0	3.46%
Jul-16		\$0		\$0	3.50%
Aug-16		\$0		\$0	3.50%
Sep-16		\$0		\$0	3.50%

Avista Corporation Decoupling Mechanism  
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Washington Jurisdiction Decoupling Mechanism Interest Summary

Natural Gas					
	Total Interest	Acct 419605	Acct 431605	Net Inc/Exp	
Jul-16	\$39,875	\$39,873	\$0	\$39,873	\$1
Aug-16	\$39,993	\$39,992	\$0	\$39,992	\$1
Sep-16	\$40,048	\$40,048	\$0	\$40,048	\$0
Q3 Total	\$119,916	\$119,913	\$0	\$119,913	\$3

  

186328 GD	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Jun-16	\$260,272	\$14,463		\$5,160,561	3.46%
Jul-16	\$10,725	\$15,067		\$5,186,354	3.50%
Aug-16	(\$108,531)	\$14,969		\$5,092,791	3.50%
Sep-16	(\$364)	\$14,853		\$5,107,280	3.50%

  

186338 GD	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Jun-16	\$174,675	\$3,485		\$1,299,533	3.46%
Jul-16	\$65,565	\$3,886		\$1,368,984	3.50%
Aug-16	\$33,825	\$4,042		\$1,406,850	3.50%
Sep-16	\$32,710	\$4,151		\$1,443,712	3.50%

  

182329 GD	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Jun-16		\$15,529		\$5,401,284	3.46%
Jul-16		\$15,754		\$5,417,038	3.50%
Aug-16		\$15,800		\$5,432,838	3.50%
Sep-16		\$15,846		\$5,448,684	3.50%

  

182339 GD	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Jun-16		\$5,078		\$1,766,075	3.46%
Jul-16		\$5,151		\$1,771,226	3.50%
Aug-16		\$5,166		\$1,776,392	3.50%
Sep-16		\$5,181		\$1,781,573	3.50%

  

182328 GD	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Jun-16		\$16		\$5,735	3.46%
Jul-16		\$17		\$5,752	3.50%
Aug-16		\$17		\$5,769	3.50%
Sep-16		\$17		\$5,786	3.50%



Avista Corporation Decoupling Mechanism  
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NOTES

The following table shows how the decoupled revenue per customer has tracked with use per customer for the 1st, 2nd and 3rd quarters of 2016. The similarity of the percentage change indicates that the mechanism is working as intended. January authorized amounts in the deferral calculations and this analysis have been pro-rated to reflect 10 days at the prior authorized usage and revenue per customer.

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

	Q1	Q2	Q3	Q4	YTD Average	%
<b>Electric Residential</b>						
Change in Use per Customer	(346)	(196)	108		(434)	-5.2%
Change in Decoupled Revenue per Customer	-\$17.63	-\$19.86	\$2.45		-\$35.04	-6.6%
Deferral per Average Customer	\$17.63	\$19.86	-\$2.45		\$35.04	
<b>Electric Non-Residential</b>						
Change in Use per Customer	(461)	(255)	(174)		(890)	-1.9%
Change in Decoupled Revenue per Customer	-\$16.47	-\$18.29	-\$21.40		-\$56.16	-1.7%
Deferral per Average Customer	\$16.47	\$18.29	\$21.40		\$56.16	
<b>Natural Gas Residential</b>						
Change in Use per Customer	(47)	(31)	4		(74)	-14.7%
Change in Decoupled Revenue per Customer	-\$17.48	-\$17.48	\$0.67		-\$34.29	-15.9%
Deferral per Average Customer	\$17.48	\$17.48	-\$0.67		\$34.29	
<b>Natural Gas Non-Residential</b>						
Change in Use per Customer	(1,121)	(899)	(18)		(2,038)	-15.1%
Change in Decoupled Revenue per Customer	-\$238.26	-\$254.35	-\$49.65		-\$542.26	-16.2%
Deferral per Average Customer	\$238.26	\$254.35	\$49.65		\$542.26	

The contra decoupling accounting shown on page 6 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. Similarly, a portion of the 2016 natural gas surcharge may not be fully recovered by 12/31/2018. The 2016 entries reflect both expected recovery of 2015 amounts during 2018 and the exclusion of 2016 amounts expected to be recovered in 2019. The income statement impact of the contra decoupling deferral will be eliminated for Commission Basis reporting.