

Avista Corporation Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 4th Quarter 2016

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

Line No.	Source	Oct-16	Nov-16	Dec-16	1st Quarter 2016	2nd Quarter	3rd Quarter	4th Quarter	2016 YTD
					Total	Total	Total	Total	Total
(a)	(b)	(l)	(m)	(n)					
Residential Group									
1	Actual Customers	Revenue System							
2	Monthly Decoupled Revenue per Customer	Attachment 4, Page 3							
3	Decoupled Revenue	(1) x (2)							
4	Actual Base Rate Revenue	Revenue System							
5	Actual Basic Charge Revenue	Revenue System							
6	Actual Usage (kWhs)	Revenue System							
7	Retail Revenue Credit (\$/kWh)	Attachment 4, Page 1							
8	Variable Power Supply Payments	(6) x (7)							
9	Customer Decoupled Payments	(4) - (5) - (8)							
10	Deferral - Surcharge (Rebate)	(3) - (9)							
11	Deferral - Revenue Related Expenses	Rev Conv Factor FERC Rate							
12	Interest on Deferral	Avg Balance Calc							
Monthly Residential Deferral Totals									
13	Cumulative Residential Deferral Surcharge/(Rebate) Balance	Σ((10) ~ (12))							
Non-Residential Group									
14	Actual Customers	Revenue System							
15	Monthly Decoupled Revenue per Customer	Attachment 4, Page 3							
16	Decoupled Revenue	(14) x (15)							
17	Actual Base Rate Revenue	Revenue System							
18	Actual Basic Charge Revenue	Revenue System							
19	Actual Usage (kWhs)	Revenue System							
20	Retail Revenue Credit (\$/kWh)	Attachment 4, Page 1							
21	Variable Power Supply Payments	(19) x (20)							
22	Customer Decoupled Payments	(17) - (18) - (21)							
23	Deferral - Surcharge (Rebate)	(16) - (22)							
24	Deferral - Revenue Related Expenses	Rev Conv Factor FERC Rate							
25	Interest on Deferral	Avg Balance Calc							
Monthly Non-Residential Deferral Totals									
26	Cumulative Non-Residential Deferral Surcharge/(Rebate) Balance	Σ((23) ~ (25))							
27	Total Cumulative Electric Deferral	(13) + (26)							

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	Oct-16	Nov-16	Dec-16	1st Quarter 2016 Total	2nd Quarter 2016 Total	3rd Quarter 2016 Total	4th Quarter 2016 Total	2016 YTD Total
(a)	(b)	(l)	(m)	(n)	(o)			(o)	
Residential Group									
1	Actual Customers	Revenue System							
2	Monthly Decoupled Revenue per Customer	Attachment 5, Page 3							
3	Decoupled Revenue	(1) x (2)							
	Actual Usage (informational only)	Revenue System							
4	Actual Base Rate Revenue (Excludes Gas Costs)	Revenue System							
5	Actual Fixed Charge Revenue	Revenue System							
6	Customer Decoupled Payments	(4) - (5)							
	Residential Revenue Per Customer Received								
7	Deferral - Surcharge (Rebate)	() - (6)							
8	Deferral - Revenue Related Expenses	Rev Conv Factor FERC Rate							
9	Interest on Deferral	Avg Balance Calc							
Monthly Residential Deferral Totals									
10	Cumulative Residential Deferral Surcharge/(Rebate) Balance	$\Sigma((8) + (9))$							
Non-Residential Group									
11	Actual Customers	Revenue System							
12	Monthly Decoupled Revenue per Customer	Attachment 5, Page 3							
13	Decoupled Revenue	(11) x (12)							
	Actual Usage (informational only)								
14	Actual Base Rate Revenue (Excludes Gas Costs)	Revenue System							
15	Actual Fixed Charge Revenue	Revenue System							
16	Customer Decoupled Payments	(14) - (15)							
	Non-Residential Revenue Per Customer Received								
17	Deferral - Surcharge (Rebate)	(13) - (16)							
18	Deferral - Revenue Related Expenses	Rev Conv Factor FERC Rate							
19	Interest on Deferral	Avg Balance Calc							
Monthly Non-Residential Deferral Totals									
20	Cumulative Non-Residential Deferral Surcharge/(Rebate) Balance	$\Sigma((17) + (19))$							
21	Total Cumulative Natural Gas Deferral	(10) + (20)							

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Balance Sheet Accounts

GL Account Balance Accounting Period : '201610, 201611, 201612'

Jurisdiction:WA

Deferred Revenue

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance	
186328	REG ASSET-DECOUPLING DEFERRED	ED	201610				
	REG ASSET-DECOUPLING DEFERRED		201611				
	REG ASSET-DECOUPLING DEFERRED		201612				
	REG ASSET-DECOUPLING DEFERRED	GD	201610				
	REG ASSET-DECOUPLING DEFERRED		201611				
REG ASSET-DECOUPLING DEFERRED	201612						
186338	REG ASSET NON-RES DECOUPLING D	ED	201610				
	REG ASSET NON-RES DECOUPLING D		201611				
	REG ASSET NON-RES DECOUPLING D		201612				
	REG ASSET NON-RES DECOUPLING D	GD	201610				
	REG ASSET NON-RES DECOUPLING D		201611				
REG ASSET NON-RES DECOUPLING D	201612						

GL Account Balance Accounting Period : '201610, 201611, 201612'

Jurisdiction:WA

2015 Deferred Revenue Pending Recovery

Acct	Ferc Acct Desc	Service	Period	Balance	Activity	Ending Balance	
182329	REG ASSET- DECOUPLING PRIOR YE	ED	201610				
	REG ASSET- DECOUPLING PRIOR YE		201611				
	REG ASSET- DECOUPLING PRIOR YE		201612				
	REG ASSET- DECOUPLING PRIOR YE	GD	201610				
	REG ASSET- DECOUPLING PRIOR YE		201611				
REG ASSET- DECOUPLING PRIOR YE	201612						
182339	REG ASSET - NON RES DECOUPLING	ED	201610				
	REG ASSET - NON RES DECOUPLING		201611				
	REG ASSET - NON RES DECOUPLING		201612				
	REG ASSET - NON RES DECOUPLING	GD	201610				
	REG ASSET - NON RES DECOUPLING		201611				
REG ASSET - NON RES DECOUPLING	201612						

Avista Corporation Decoupling Mechanism
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GL Account Balance Accounting Period : '201610, 201611, 201612'

Jurisdiction:WA

Deferred Revenue Approved for Recovery

Surcharge

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance				
182328	REG ASSET- DECOUPLING SURCHARG	ED	201610							
	REG ASSET- DECOUPLING SURCHARG		201611							
	REG ASSET- DECOUPLING SURCHARG		201612							
	REG ASSET- DECOUPLING SURCHARG	GD	201610							
			201611							
			201612							
	182338	REG ASSET - NON RES DECOUPLING	GD				201610			
REG ASSET - NON RES DECOUPLING		201611								
REG ASSET - NON RES DECOUPLING		201612								

Jurisdiction:WA

Rebate

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
254338	REG LIABILITY NON RES DECOUPLI	ED	201610			
	REG LIABILITY NON RES DECOUPLI		201611			
	REG LIABILITY NON RES DECOUPLI		201612			

GL Account Balance Accounting Period : '201610, 201611, 201612'

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	201610							
	ADFIT DECOUPLING DEFERRED REV		201611							
	ADFIT DECOUPLING DEFERRED REV		201612							
	ADFIT DECOUPLING DEFERRED REV	GD	201610							
			201611							
201612										

Avista Corporation Decoupling Mechanism
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Income Statement Accounts

GL Account Balance Accounting Period : '201610, 201611, 201612'

Jurisdiction:WA

Deferred Revenue

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
456328	RESIDENTIAL DECOUPLING DEFERRE	ED	201610			
	RESIDENTIAL DECOUPLING DEFERRE		201611			
	RESIDENTIAL DECOUPLING DEFERRE		201612			
456338	NON-RES DECOUPLING DEFERRED RE	ED	201610			
	NON-RES DECOUPLING DEFERRED RE		201611			
	NON-RES DECOUPLING DEFERRED RE		201612			
495328	RESIDENTIAL DECOUPLING DEFERRE	GD	201610			
	RESIDENTIAL DECOUPLING DEFERRE		201611			
	RESIDENTIAL DECOUPLING DEFERRE		201612			
495338	NON-RES DECOUPLING DEFERRED RE	GD	201610			
	NON-RES DECOUPLING DEFERRED RE		201611			
	NON-RES DECOUPLING DEFERRED RE		201612			

GL Account Balance Accounting Period : '201610, 201611, 201612'

Jurisdiction:WA

Amortization of Prior Period Deferred Revenue

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
456329	AMORTIZATION RES DECOUPLING DE	ED	201611			
	AMORTIZATION RES DECOUPLING DE		201612			
456339	AMORTIZATION NON-RES DECOUPLIN	ED	201611			
	AMORTIZATION NON-RES DECOUPLIN		201612			
495329	AMORTIZATION RES DECOUPLING DE	GD	201611			
	AMORTIZATION RES DECOUPLING DE		201612			
495339	AMORTIZATION NON-RES DECOUPLIN	GD	201611			
	AMORTIZATION NON-RES DECOUPLIN		201612			

Avista Corporation Decoupling Mechanism
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GL Account Balance Accounting Period : '201610, 201611, 201612'

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	201610			
	INT INC ON OTH DEFERRALS-IV FU		201611			
	INT INC ON OTH DEFERRALS-IV FU		201612			
	INT INC ON OTH DEFERRALS-IV FU	GD	201610			
	INT INC ON OTH DEFERRALS-IV FU		201611			
INT INC ON OTH DEFERRALS-IV FU	201612					
431605	INT EXP ON OTH DEFERRALS-IV FU	ED	201610			
	INT EXP ON OTH DEFERRALS-IV FU		201611			
	INT EXP ON OTH DEFERRALS-IV FU		201612			
	INT EXP ON OTH DEFERRALS-IV FU	GD	201610			
	INT EXP ON OTH DEFERRALS-IV FU		201611			
INT EXP ON OTH DEFERRALS-IV FU	201612					

Financial Reporting Contra Asset Accounts

GL Account Balance Accounting Period : '201610, 201611, 201612'

Jurisdiction:WA

Ferc Acct	Ferc Acct Desc	Service	Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
253311	CONTRA DECOUPLING DEFERRED REV	ED	201610			
	CONTRA DECOUPLING DEFERRED REV		201611			
	CONTRA DECOUPLING DEFERRED REV		201612			
	CONTRA DECOUPLING DEFERRED REV	GD	201610			
	CONTRA DECOUPLING DEFERRED REV		201611			
CONTRA DECOUPLING DEFERRED REV	201612					
495311	CONTRA DECOUPLING DEFERRAL	GD	201610			
	CONTRA DECOUPLING DEFERRAL		201611			
	CONTRA DECOUPLING DEFERRAL		201612			
FERC Accts 495311 and 456311						

Avista Corporation Decoupling Mechanism
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Washington Jurisdiction Decoupling Mechanism Interest Summary

		Electric				
		Total Interest	419605	431605	Net Inc/Exp	
Oct-16						
Nov-16						
Dec-16						
Q4 Total						
186328	ED	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Sep-16						3.50%
Oct-16						3.50%
Nov-16						3.50%
Dec-16						3.50%
186338	ED	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Sep-16						3.50%
Oct-16						3.50%
Nov-16						3.50%
Dec-16						3.50%
182329	ED	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Sep-16						3.50%
Oct-16	**					3.50%
Nov-16						3.50%
Dec-16						3.50%
** TRANSFER 2015 BALANCES APPROVED FOR RECOVERY TO SURCHARGE/REBATE ACCOUNTS.						
182339	ED	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Sep-16						3.50%
Oct-16	**					3.50%
Nov-16						3.50%
Dec-16						3.50%
** TRANSFER 2015 BALANCES APPROVED FOR RECOVERY TO SURCHARGE/REBATE ACCOUNTS.						
182328	ED	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Sep-16						3.50%
Oct-16						3.50%
Nov-16						3.50%
Dec-16						3.50%
182338	ED	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Sep-16						3.50%
Oct-16						3.50%
Nov-16						3.50%
Dec-16						3.50%
254338	ED	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Sep-16						3.50%
Oct-16						3.50%
Nov-16						3.50%
Dec-16						3.50%

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Washington Jurisdiction Decoupling Mechanism Interest Summary

Natural Gas				
	Total Interest	Acct 419605	Acct 431605	Net Inc/Exp
Oct-16				
Nov-16				
Dec-16				
Q4 Total				

186328 GD	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Sep-16					3.50%
Oct-16					3.50%
Nov-16					3.50%
Dec-16					3.50%

186338 GD	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Sep-16					3.50%
Oct-16					3.50%
Nov-16					3.50%
Dec-16					3.50%

182329 GD	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Sep-16					3.50%
Oct-16					3.50%
Nov-16					3.50%
Dec-16					3.50%

182339 GD	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Sep-16					3.50%
Oct-16					3.50%
Nov-16					3.50%
Dec-16					3.50%

182328 GD	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Sep-16					3.50%
Oct-16					3.50%
Nov-16					3.50%
Dec-16					3.50%

182338 GD	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Sep-16					3.50%
Oct-16					3.50%
Nov-16					3.50%
Dec-16					3.50%

254338 GD	Deferral Entry	Interest Income/(exp)	Amortization	Ending Balance	Interest Rate
Sep-16					3.50%
Oct-16					3.50%
Nov-16					3.50%
Dec-16					3.50%

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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, 3rd and 4th 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	%
Electric Residential						
Change in Use per Customer	[REDACTED]					
Change in Decoupled Revenue per Customer	[REDACTED]					
Deferral per Average Customer	[REDACTED]					
Electric Non-Residential						
Change in Use per Customer	[REDACTED]					
Change in Decoupled Revenue per Customer	[REDACTED]					
Deferral per Average Customer	[REDACTED]					
Natural Gas Residential						
Change in Use per Customer	[REDACTED]					
Change in Decoupled Revenue per Customer	[REDACTED]					
Deferral per Average Customer	[REDACTED]					
Natural Gas Non-Residential						
Change in Use per Customer	[REDACTED]					
Change in Decoupled Revenue per Customer	[REDACTED]					
Deferral per Average Customer	[REDACTED]					

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 2016 natural gas surcharge may not be fully recovered by 12/31/2018 and therefore is not recognizable as income for financial reporting purposes in 2016. 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.