

AVISTA UTILITIES

2019 Washington Residential Exchange Filing

Workpapers

August 22, 2019

Avista Corporation
Residential Exchange - State of Washington
Proposed Rate
November 1, 2019 - October 31, 2020

Washington portion of 2019 fiscal year benefit amount	-\$9,838,101
Estimated under-refunded balance at end of existing rate	<u>41,667</u>
Net benefit for rate adjustment	-\$9,796,434
Conversion factor	<u>0.953323</u>
Revenue requirement	-\$10,276,091
Projected kWh 11/1/19 - 10/31/20	<u>2,479,537,140</u>
Proposed rate	<u><u>-\$0.00414</u></u>

Rate Impact

Proposed rate credit above	-\$0.00414
Existing rate credit	<u>-\$0.00081</u>
Difference	<u><u>-\$0.00333</u></u>

Bill for 918 kWh at present rates with all adders

Basic charge		\$9.00
First 800 kWh	800 \$0.07749	\$61.99
Over 800 kWh	118 \$0.08981	\$10.60
Total		\$81.59
Rounded		\$81.59

Proposed rate Decrease	<u>918</u>	-\$0.00333	-\$3.06
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Percent rate Decrease			-3.75%
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AVISTA UTILITIES
Revenue Conversion Factor
Washington - Electric System
TWELVE MONTHS ENDED DECEMBER 31, 2016

Line No.	Description	<i>Factor</i>
1	Revenues	1.000000
	Expense:	
2	Uncollectibles	0.006183
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038495
5	Franchise Fees	0.000000
6	Total Expense	<u>0.046677</u>
7	Net Operating Income Before FIT	0.953323 ✓
8	Federal Income Tax @ 21%	<u>0.200198</u>
9	REVENUE CONVERSION FACTOR	<u><u>0.753125</u></u>

Source: UE-170485

Avista Corporation
Washington Residential Exchange Account
Actual and Projected

Balance	5/31/2019 (Actual)	\$	(17,134.55)	2.4500%
	April credit received in June		(148,260.38)	
	Amortization		121,685.23	
	Interest		(34.98)	
Balance	6/30/2019 (Actual)		<u>(43,744.68)</u>	
	May credit received in July		(128,107.63)	
	Amortization		135,077.38	
	Interest		(89.31)	
Balance	7/31/2019 (Actual)		<u>(36,864.24)</u>	
	June credit received in August		(130,262.32)	
	Amortization Adjustment - July Unbilled		102,115.48	
	Amortization		151,568.46	
	Interest		(75.26)	
Balance	8/31/2019 (Projected)		<u>86,482.11</u>	
	July credit received in September		(153,360.47)	
	Amortization		122,175.76 (1)	
	Interest		176.57	
Balance	9/30/2019 (Projected)		<u>55,473.97</u>	
	August credit received in October		(152,026.44)	
	Amortization		138,106.45 (1)	
	Interest		113.26	
Balance	10/31/2019 (Projected)	\$	<u>41,667.24</u>	

(1) Amortization at existing rate. Does not include amortization at new rate proposed to be effective November 1, 2019.

Check

Balance	5/31/19 (Actual)	\$	(17,134.55)
	Credits to be received		(712,017.24)
	Accounting Adjustment		102,115.48
	Amortization		668,613.28
	Interest		90.27
Balance		\$	<u>41,667.24</u>

Note 1: The July activity recorded above was calculated using only the billed portion of loads and the unbilled portion is recorded in August in order to adjust to a calendar year basis.

Residential Exchange Credit
JULY 2019 WASHINGTON ELECTRIC
201907

	Other Regulatory Assets Principal <u>182345 ED WA</u>	Other Regulatory Assets Interest <u>182346 ED WA</u>	Other Regulatory Liabilities Principal <u>254345 ED WA</u>	Other Regulatory Liabilities Interest <u>254346 ED WA</u>	<u>407450 ED WA</u>	<u>419005 ZZ ZZ</u>	<u>431005 ZZ ZZ</u>
					Amortization	Interest Income	Interest Expense
Balance at 06.30.19	-	-	(43,744.68)	-			
Cash Book not received last month							
Credits received in current month			(128,107.63)				
Subtotal account balances	-	-	(171,852.31)	-			
DJRES entries							
Adjustment to Credit							-
Record amortization			135,077.38		(135,077.38)		
Record interest			(89.31)				89.31
Transfer balances	-		-				
Total DJRES entries	-	-	134,988.07	-	(135,077.38)	-	89.31
Balance at 07.31.19	-	-	(36,864.24)	-			

Note: Interest is reflected in rate credit. Interest is assumed to be collected or passed through before principle amount.

Avista Corporation
 Projected Residential Exchange Program Benefits

<u>Total Oct-19 thru Sep-20</u>	<u>KWH (1)</u>	<u>Percent</u>	<u>Credit</u>
WA Credit Amount	2,655,931,364	67.48%	\$9,838,101
ID Credit Amount	1,279,706,020	32.52%	4,740,287
Total	3,935,637,384	100.00%	\$14,578,388

Purchase at ASC	67.6000
Sale at PF Exchange Rate	63.8958
	<u>3.7042</u>

Projected Loads	3,935,637,384
Total Credit	14,578,388

(1) Average of 2017 and 2018 qualifying kilowatt-hours by state.

Avista Utilities
 Projected Kilowatt-hours
 and Residential Exchange Amortization
 State of Washington

kWh (000's)
 \$ (000's)

	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Total	Incremental Rate Change
Total														
WA001	220,516	276,599	267,581	217,340	213,711	173,028	155,574	153,592	188,507	184,486	152,514	171,968	2,375,416	2,375,415 992
WA012	5,662	7,002	7,063	5,955	5,816	4,775	4,285	4,080	4,552	4,449	4,056	4,708	62,384	62,383 871
WA022	2,890	3,211	3,203	2,672	2,879	2,343	2,247	2,194	2,478	2,424	2,133	2,339	30,813	30,812 776
WA032	289	286	300	257	274	431	721	1,115	1,713	1,627	1,034	567	8,613	8,612 533
WA048	209	209	209	209	209	209	209	209	209	209	209	209	2,512	2,511 969
Total	229,365	287,307	279,357	226,413	222,690	180,787	163,037	161,190	197,459	193,196	159,946	179,791	2,479,537	\$ (0 00333)
														-8,256,859
Before 11/1/19	Aug 19	Sep 19	Oct 19											
WA001	187,579	190,916	171,237											
WA012	4,412	3,958	4,526											
WA022	2,449	2,123	2,331											
WA032	1,634	1,013	547											
WA048	209	209	209											
Total	196,283	199,219	178,850											
Rate	-\$0 00081	-\$0 00081	-\$0 00081											
Revenue	-\$159	-\$128	-\$145											
CF	0 953323	0 953323	0 953323											
Amort	-\$152	-\$122	-\$138											
														Present Billed Revenue \$ 527,608,000
														-1 56496%

Note: The projected kilowatt-hours included above contain both billed and unbilled customer loads. In past filings, prorations had been included for October and November to capture the unbilled loads in the following month when they are billed to customers. Because both billed and unbilled are included above, no proration is needed.

Note that either method would include one calendar year's worth of loads

2.4 FY 2020-2021 Exchange Period ASC

BPA and intervenors had the opportunity to review, evaluate, and comment on each Utility’s Appendix 1 historical costs and forecast loads submitted in the ASC Review Process. Once the Base Period ASC was determined, the cost data were escalated forward using the “ASC Forecast Model,” an Excel-based macro model, to the midpoint of the Exchange Period, which in this instance is October 1, 2020. For purposes of the FY 2020-2021 ASC Review Period, the Exchange Period is October 1, 2019, through September 30, 2021 (“Exchange Period”).

A Utility’s As-Filed Exchange Period ASC may increase or decrease by the time of the Final ASC Report because of adjustments made during the ASC Review Process, such as updates to BPA’s natural gas and market price forecasts, errata corrections, or other changes made by BPA. For all Utilities, BPA updated natural gas and market price forecasts to match natural gas and market price forecasts in the Final Proposal for the BP-20 Rate Proceeding. See the “Input” tab of the ASC Forecast Model for the Utility’s (1) As-Filed and (2) BPA-Adjusted models for additional details.

Although Avista’s Base Period ASC remains unchanged, its Exchange Period ASC increased from the Draft ASC Report due to higher natural gas and market prices. In October 2018, a portion of the Enbridge natural gas pipeline ruptured in British Columbia Canada. The ensuing outage, repairs, and inspections reduced import capacity from Canada to the Pacific NW at Sumas throughout the winter, and will likely continue to do so through this summer. This restriction, in addition to the strong winter demand, escalated the natural gas price throughout the region and increased the natural gas price used to calculate the FY 2020-2021 ASCs from 2.004 \$/MMBtu (Draft ASC Reports) to 5.234 \$/MMBtu (Final ASC Reports).

All other adjustments, if any, made during the review are explained in section 4 of this Final ASC Report.

For the COUs only, BPA updated Rate Period High Water Marks (“RHWs”) in the ‘Tiered Rates’ tab of the Appendix 1, and the rates in the ‘PF-Rates’ tab of the Forecast Model to match what is being used in the BP-20 Final Proposal. In the ‘Tiered Rates’ tab of the Forecast Model, BPA calculated the total cost of power purchased from BPA.

Table 2.4-1 identifies the Exchange Period ASC for Avista, and as adjusted by BPA (including errata filed by Avista) for this Final ASC Report. The ASC shown will be the Utility’s ASC for the entire Exchange Period unless the Utility acquires (or loses) a major resource as defined by the 2008 ASCM and discussed in section 2.5 of this Final ASC Report, or the Utility is subject to NLSL adjustments as discussed in section 2.6.

**Table 2.4-1: Exchange Period FY 2020-2021 ASC (\$/MWh)
With No Major Resource Additions or Removals**

Date	June 4, 2018 As-Filed	July 25, 2019 Final ASC Report
FY 2020-2021	60.25	67.60 ✓

<i>Investor-Owned Utilities</i>	<i>Rates in mills/kWh</i>		
	<i>Base PF Exchange Rates</i>	<i>7(b)(3) Surcharge</i>	<i>PF Exchange Rates</i>
Avista	52.03	11.87	63.89580 ✓
Idaho Power	52.03	9.09	61.11240
NorthWestern	52.03	22.15	74.17480
PacifiCorp	52.03	20.46	72.48300
Portland General	52.03	18.29	70.31570
Puget Sound Energy	52.03	16.99	69.01780
<i>Consumer-Owned Utilities</i>	<i>Base Tier 1 PF Exchange Rates</i>	<i>7(b)(3) Surcharge</i>	<i>PF Exchange Rates</i>
Clark Public Utilities	52.13	2.22	54.35
Snohomish County PUD No 1	52.13	1.86	53.99

6.2 Energy Billing Determinant

The billing determinant for the PF Exchange Power charge is the customer's Residential Load specified in GRSP ILS, Table H.

7. Adjustments, Charges, and Special Rate Provisions

Adjustments, charges, and special rate provisions are applicable to PF rates as shown in the following tables.

<i>GRSP II.</i>	<i>Adjustments, Charges, and Special Rate Provisions</i>	<i>Applicable to:</i>			
		<i>Firm Requirements</i>			<i>REP</i>
		<i>Load Following</i>	<i>Block only and Block Portion of Slice/Block</i>	<i>Slice Portion of Slice/Block</i>	
Calculating Rates (including Discounts and Adjustments)					
A	RHWM Tier 1 System Capability (RT1SC)	X	X		
B	Low Density Discount (LDD)	X	X	X	
C	Irrigation Rate Discount	X	X	X	
D	Demand Rate Billing Determinant Adjustments	X			
E	Load Shaping Charge True-Up Adjustment	X			
F	Tier 2 Rate TCMS Adjustment	X			
G	TOCA Adjustment	X	X	X	
Resource Support Services & Related Services					
I	Resource Support Services and Transmission Scheduling Service	X	X	X	

Avista Corp.
BPA Residential Exchange Load Calculation

	2017			2018			Average	Per Verification E-mail sent to BPA 2.19	Immaterial Difference	Average		
	WA	ID	Total	WA	ID	Total				WA	ID	Total
January	356,941,619	171,454,441	528,396,061	316,481,022	149,363,738	465,844,811	497,120,436	497,120,436	(0)	336,711,321	160,409,115	497,120,436
February	299,955,697	139,672,062	439,627,759	248,193,192	122,545,911	370,739,103	405,163,431	405,163,431	(0)	274,074,444	131,108,987	405,183,431
March	248,367,574	121,037,658	369,405,231	253,862,154	124,959,793	378,821,948	374,163,590	374,163,589	0	251,164,864	122,998,726	374,163,590
April	208,943,433	102,724,550	311,667,983	213,622,405	106,084,253	319,706,658	315,687,321	315,687,321	-	211,282,919	104,404,402	315,687,321
May	179,564,116	88,733,657	268,297,773	174,666,515	82,847,792	257,514,307	262,906,040	262,906,040	0	177,115,316	85,790,725	262,906,040
June	169,527,755	80,562,585	250,090,340	163,470,208	77,943,535	241,413,744	245,752,042	245,752,042	(0)	166,498,882	79,253,060	245,752,042
July	190,655,835	94,119,757	284,775,592	178,447,458	87,579,369	266,026,827	275,401,209	275,401,209	(0)	184,551,646	90,849,563	275,401,209
August	220,771,444	100,028,271	320,799,714	225,770,962	102,411,416	326,182,378	323,491,046	323,491,046	(0)	222,271,203	101,219,843	323,491,046
September	202,952,195	89,559,211	292,511,406	181,808,712	82,384,409	264,193,121	278,352,264	278,352,264	-	192,380,453	85,971,810	278,352,264
October	172,955,101	84,002,169	256,957,270	163,609,344	79,467,374	243,076,718	250,016,994	250,016,994	-	188,282,223	81,734,772	250,016,994
November	210,586,482	104,335,247	314,921,729	197,346,008	98,883,415	296,229,424	305,575,577	305,575,577	-	208,968,245	101,609,331	305,575,577
December	268,107,813	133,150,374	401,258,187	267,155,682	135,561,001	402,716,683	401,987,435	401,987,435	0	287,831,747	134,355,887	401,987,435
	2,729,329,065	1,309,379,982	4,038,709,047	2,582,533,563	1,250,032,058	3,832,565,721	3,935,637,384	3,867,544,659	(0)	2,655,931,364	1,279,706,020	3,935,637,384
										67.48%	32.52%	100%

WA	ID
5,311,862,728	2,559,412,041
2,655,931,364	1,279,706,020

CLEG ADJUSTMENTS

AVISTA CORPORATION
 JULY 2019 WASHINGTON ELECTRIC
 RESIDENTIAL & FARM ENERGY RATE ADJUSTMENT CREDIT
 JULY UNBILLED

<u>Schedule</u>	<u>kWh</u> (a)	<u>Credit Rate</u>	
		<u>On/After</u> <u>1/Oct/19</u> (e)	<u>On/After</u> <u>1/Oct/19</u> (g) a*c*e=g
1/2	127,363,416	(0.081¢)	(103,164.37)
12	3,165,785	(0.081¢)	(2,564.29)
22	1,589,576	(0.081¢)	(1,287.56)
32	122,329	(0.081¢)	(99.09)
48	0	(0.081¢)	-
Schedule Totals	132,241,106		(107,115.30)
		Conversion factor	0.953323
		Amortization	(102,115.48)