

AVISTA UTILITIES
2019
Washington Natural Gas
Schedule 175
Annual Decoupling Rate Adjustment Filing

ATTACHMENT A

Rate Calculation for
November 1, 2019 – October 31, 2020

August 22, 2019

Avista Utilities
Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates
Effective November 1, 2019 - October 31, 2020

Residential Natural Gas

Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.00395	4.69%	
2	Oct-19	\$522,566		
3	Nov-19	\$461,686	\$1,920	15,898,824
4	Dec-19	\$368,223	\$1,619	24,071,267
5	Jan-20	\$274,364	\$1,253	24,078,966
6	Feb-20	\$195,855	\$917	20,108,022
7	Mar-20	\$133,871	\$643	15,854,753
8	Apr-20	\$96,313	\$449	9,622,123
9	May-20	\$78,077	\$340	4,702,783
10	Jun-20	\$67,185	\$283	2,829,237
11	Jul-20	\$58,257	\$245	2,322,120
12	Aug-20	\$49,855	\$211	2,180,464
13	Sep-20	\$39,144	\$174	2,755,685
14	Oct-20	\$7,610	\$91	8,006,272
15	Annual Total		\$8,144	132,430,516
16	Incremental Rate to Recover Estimated Interest		\$0.00006	
17	Estimated Rate to Recover Deferral Balance		\$0.00395	
18	Rate before Gross-up for Revenue-related items		\$0.00401	
19	Times: Gross-up for Revenue-related items (3)		1.046195	
20	Preliminary Proposed Decoupling Rate		\$0.00420	
21	3% Test Rate Adjustment (4)		\$0.00000	
22	Final Proposed Decoupling Rate		\$0.00420	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.00401	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		\$0	

Notes Notes

(1)

Deferral balance at the end of the month, Rate of \$0.00395 to recover the October 2019 balance of \$522,566 over 12 months. See page 2 and 5 of Attachment A for October 2019 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) 2018 Commission Basis conversion factor, see page 8 of Attachment A.

(4) See pages 6 and 7 of Attachment A for earnings test and 3% test adjustment calculations.

(5) See page 2 of Attachment A for estimated carryover balance calculations.

Residential Natural Gas

Calculate Estimated Monthly Balances through October 2020

Line No.		Ending Balance	Interest	Amortization	Interest Rate
1	Dec-18	\$740,536			
2	Earnings Sharing Adjustment	(\$189,869)			
3	Adjusted December Balance	\$550,667			
4	Jan-19	\$553,044	\$2,377		5.18%
5	Feb-19	\$555,431	\$2,387		5.18%
6	Mar-19	\$557,828	\$2,398		5.18%
7	Apr-19	\$560,362	\$2,533		5.45%
8	May-19	\$562,907	\$2,545		5.45%
9	Jun-19	\$565,463	\$2,557		5.45%
10	Jul-19	\$568,055	\$2,592		5.50%
11	Aug-19	\$570,659	\$2,604		5.50%
12	Sep-19	\$573,274	\$2,616		5.50%
13	Oct-19	\$575,902	\$2,628		5.50%
14	Prior Year Residual Balance \$	(53,335)			5.50%
15	Nov-19	\$461,061	\$2,249	\$63,754	5.50%
16	Dec-19	\$366,427	\$1,892	\$96,526	5.50%
17	Jan-20	\$271,329	\$1,458	\$96,557	5.50%
18	Feb-20	\$191,755	\$1,059	\$80,633	5.50%
19	Mar-20	\$128,910	\$733	\$63,578	5.50%
20	Apr-20	\$90,828	\$502	\$38,585	5.50%
21	May-20	\$72,343	\$373	\$18,858	5.50%
22	Jun-20	\$61,303	\$306	\$11,345	5.50%
23	Jul-20	\$52,251	\$260	\$9,312	5.50%
24	Aug-20	\$43,727	\$219	\$8,744	5.50%
25	Sep-20	\$32,852	\$175	\$11,050	5.50%
26	Oct-20	\$823	\$77	\$32,105	5.50%
27	Total		\$34,539	\$531,046	

Summary

28	2018 Deferred Revenue	\$740,536
29	Less Earnings Sharing	(\$189,869)
30	Add Prior Year Residual Balance	(\$53,335)
31	Add Interest through 10/31/2020	\$34,539
32	Add Revenue Related Expense Adj.	\$24,338
33	Total Requested Recovery	\$556,208
34	Customer Surcharge Revenue	\$556,208
35	Carryover Deferred Revenue	\$0

Avista Utilities
Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates
Effective November 1, 2019 - October 31, 2020

Non-Residential Natural Gas

Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.01729	4.69%	
2	Oct-19	\$1,009,863		
3	Nov-19	\$891,706	\$3,709	7,048,382
4	Dec-19	\$734,065	\$3,171	9,300,844
5	Jan-20	\$581,789	\$2,566	8,955,620
6	Feb-20	\$453,349	\$2,019	7,545,287
7	Mar-20	\$347,928	\$1,563	6,187,616
8	Apr-20	\$279,048	\$1,223	4,054,580
9	May-20	\$240,131	\$1,013	2,309,352
10	Jun-20	\$210,235	\$878	1,779,914
11	Jul-20	\$178,423	\$758	1,883,741
12	Aug-20	\$144,015	\$629	2,026,460
13	Sep-20	\$104,499	\$485	2,313,466
14	Oct-20	\$18,475	\$240	4,989,269
15	Annual Total		\$18,253	58,394,530
16	Incremental Rate to Recover Estimated Interest		\$0.00031	
17	Estimated Rate to Recover Deferral Balance		\$0.01729	
18	Rate before Gross-up for Revenue-related items		\$0.01760	
19	Times: Gross-up for Revenue-related items (3)		1.046195	
20	Preliminary Proposed Decoupling Rate		\$0.01841	
21	3% Test Rate Adjustment (4)		\$0.00000	
22	Final Proposed Decoupling Rate		\$0.01841	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.01760	Amortization Rate
24	Estimated Carryover Balance (5)		\$0	

Notes Notes

- (1) Deferral balance at the end of the month, Rate of \$0.01729 to recover the October 2019 balance of \$1,009,863 over 12 months. See page 4 and 5 of Attachment A for October 2019 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) 2018 Commission Basis conversion factor, see page 8 of Attachment A.
- (4) See pages 6 and 7 of Attachment A for earnings test and 3% test adjustment calculations.
- (5) See page 4 of Attachment A for estimated carryover balance calculations.

Non-Residential Natural Gas

Calculate Estimated Monthly Balances through October 2020

Line No.		Ending Balance	Interest	Amortization	Interest Rate
1	Dec-18	\$984,241			
2	Earnings Sharing Adjustment	(\$59,185)			
3	Adjusted December Balance	\$925,056			
4	Jan-19	\$929,050	\$3,993		5.18%
5	Feb-19	\$933,060	\$4,010		5.18%
6	Mar-19	\$937,088	\$4,028		5.18%
7	Apr-19	\$941,344	\$4,256		5.45%
8	May-19	\$945,619	\$4,275		5.45%
9	Jun-19	\$949,914	\$4,295		5.45%
10	Jul-19	\$954,267	\$4,354		5.50%
11	Aug-19	\$958,641	\$4,374		5.50%
12	Sep-19	\$963,035	\$4,394		5.50%
13	Oct-19	\$967,449	\$4,414		5.50%
14	Prior Year Residual Balance \$	42,415			5.50%
15	Nov-19	\$890,156	\$4,344	\$124,052	5.50%
16	Dec-19	\$730,166	\$3,705	\$163,695	5.50%
17	Jan-20	\$575,533	\$2,985	\$157,619	5.50%
18	Feb-20	\$445,069	\$2,334	\$132,797	5.50%
19	Mar-20	\$337,957	\$1,790	\$108,902	5.50%
20	Apr-20	\$267,982	\$1,385	\$71,361	5.50%
21	May-20	\$228,473	\$1,135	\$40,645	5.50%
22	Jun-20	\$198,122	\$975	\$31,326	5.50%
23	Jul-20	\$165,800	\$832	\$33,154	5.50%
24	Aug-20	\$130,812	\$678	\$35,666	5.50%
25	Sep-20	\$90,602	\$506	\$40,717	5.50%
26	Oct-20	\$3,004	\$214	\$87,811	5.50%
27	Total		\$63,277	\$1,027,744	

Summary

28	2018 Deferred Revenue	\$984,241
29	Less Earnings Sharing	(\$59,185)
30	Add Prior Year Residual Balance	\$42,415
31	Add Interest through 10/31/2020	\$63,277
32	Add Revenue Related Expense Adj.	\$44,295
33	Total Requested Recovery	\$1,075,043
34	Customer Surcharge Revenue	\$1,075,043
35	Carryover Deferred Revenue	\$0

Avista Utilities
Decoupling Mechanism Prior Surcharge or Rebate Amortization
Effective November 1, 2018 - October 31, 2019
Docket No. UG-180701

Residential Natural Gas Surcharge

Line No.	Date	Regulatory Asset Beginning Balance	Interest	Amortization	Regulatory Asset Ending Balance	Interest Rate	Aug - Oct Forecast Usage
1	Nov-18	\$ (3,290,778.52)	(\$12,921.10)	\$ 329,412.96	\$ (2,974,286.66)	4.96%	
2	Dec-18	\$ (2,974,286.66)	(\$11,199.48)	\$ 529,470.58	\$ (2,456,015.56)	4.96%	
3	Jan-19	\$ (2,456,015.56)	(\$9,417.46)	\$ 548,728.18	\$ (1,916,704.84)	5.18%	
4	Feb-19	\$ (1,916,704.84)	(\$6,960.88)	\$ 608,289.41	\$ (1,315,376.31)	5.18%	
5	Mar-19	\$ (1,315,376.31)	(\$4,641.43)	\$ 480,282.60	\$ (839,735.14)	5.18%	
6	Apr-19	\$ (839,735.14)	(\$3,301.49)	\$ 225,602.90	\$ (617,433.73)	5.45%	
7	May-19	\$ (617,433.73)	(\$2,549.60)	\$ 112,108.50	\$ (507,874.83)	5.45%	
8	Jun-19	\$ (507,874.83)	(\$2,159.19)	\$ 64,915.17	\$ (445,118.85)	5.45%	
9	Jul-19	\$ (445,118.85)	(\$1,897.60)	\$ 62,193.77	\$ (384,822.68)	5.50%	
10	Aug-19	\$ (384,822.68)	(\$1,639.37)	\$ 54,285.22	\$ (332,176.83)	5.50%	2,090,305
11	Sep-19	\$ (332,176.83)	(\$1,360.40)	\$ 70,722.41	\$ (262,814.82)	5.50%	2,723,235
12	Oct-19	\$ (262,814.82)	(\$722.85)	\$ 210,202.33	\$ (53,335.34)	5.50%	8,094,044

Non-Residential Natural Gas Surcharge

Line No.	Date	Regulatory Asset Beginning Balance	Interest	Amortization	Regulatory Asset Ending Balance	Interest Rate	Aug - Oct Forecast Usage
13	Nov-18	\$ 415,230.32	\$1,641.67	\$ (36,103.27)	\$ 380,768.72	4.96%	
14	Dec-18	\$ 380,768.72	\$1,468.32	\$ (51,062.00)	\$ 331,175.04	4.96%	
15	Jan-19	\$ 331,175.04	\$1,312.93	\$ (54,040.60)	\$ 278,447.37	5.18%	
16	Feb-19	\$ 278,447.37	\$1,071.49	\$ (60,452.59)	\$ 219,066.27	5.18%	
17	Mar-19	\$ 219,066.27	\$846.79	\$ (45,797.84)	\$ 174,115.22	5.18%	
18	Apr-19	\$ 174,115.22	\$721.30	\$ (30,594.48)	\$ 144,242.04	5.45%	
19	May-19	\$ 144,242.04	\$617.76	\$ (16,444.46)	\$ 128,415.34	5.45%	
20	Jun-19	\$ 128,415.34	\$548.47	\$ (15,300.98)	\$ 113,662.83	5.45%	
21	Jul-19	\$ 113,662.83	\$491.49	\$ (12,859.23)	\$ 101,295.09	5.50%	
22	Aug-19	\$ 101,295.09	\$433.08	\$ (13,610.21)	\$ 88,117.96	5.50%	2,062,154
23	Sep-19	\$ 88,117.96	\$369.36	\$ (15,059.65)	\$ 73,427.67	5.50%	2,281,765
24	Oct-19	\$ 73,427.67	\$264.86	\$ (31,277.92)	\$ 42,414.61	5.50%	4,739,079

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2018 Washington Natural Gas Deferrals

2018 Commission Basis Earnings Test for Decoupling

Line No.		Natural Gas
1	Rate Base	\$ 341,366,000
2	Net Income	\$ 25,757,000
3	Calculated ROR	7.55%
4	Base ROR	7.43%
	Pro-rated	
5	Excess ROR	0.12%
6	Excess Earnings	\$ 393,506
7	Conversion Factor	0.755118
8	Excess Revenue (Excess Earnings/CF)	\$ 521,119
9	Sharing %	50%
10	2017 Total Earnings Test Sharing	\$ 260,559

Revenue From 2018 Normalized Loads and Customers at Present Billing Rates

11	Residential Revenue	\$ 98,537,757	76.24%
12	Non-Residential Revenue	\$ 30,715,815	23.76%
13	Total Normalized Revenue	\$ 129,253,572	100.00%

	Gross Revenue	Net of Revenue	
	Adjustment	Related Expenses	
14	Residential	\$ 198,640	\$ 189,869
15	Non-Residential	\$ 61,919	\$ 59,185
16	Total	\$ 260,559	\$ 249,054

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2018 Washington Natural Gas Deferrals

3% Incremental Surcharge Test

Line No.		Residential	Non-Residential
1	Revenue From 2018 Normalized Loads and Customers at Present Billing Rates (Note 1)	\$ 98,537,757	\$ 30,715,815
2	November 2018 - October 2019 Usage	132,430,516	58,394,530
3	Proposed Decoupling Recovery Rates	\$0.00420	\$0.01841
4	Present Decoupling Surcharge Recovery Rates (2)	\$0.00000	\$0.00691
5	Incremental Decoupling Recovery Rates	\$0.00420	\$0.01150
6	Incremental Decoupling Recovery	\$ 556,208	\$ 671,537
7	Incremental Surcharge %	0.56%	2.19%
8	3% Test Adjustment (3)	\$ -	\$ -
9	3% Test Rate Adjustment	\$0.00000	\$0.00000
10	Adjusted Proposed Decoupling Recovery Rates	\$0.00420	\$0.01841
11	Adjusted Incremental Decoupling Recovery	\$ 556,208	\$ 671,537
12	Adjusted Incremental Surcharge %	0.56%	2.19%

Notes

(1) Revenue from 2018 normalized loads and customers at present billing rates effective since June 1, 2019.

(2) As stated on tariff Sheet 175E, the reversal of a rebate rate is not included in the 3% incremental surcharge test. Therefore the Residential Group rebate of -\$0.02720 is \$0.00000 in this incremental rate calculation.

(3) 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 - Gas System
TWELVE MONTHS ENDED December 31, 2018

<u>Line No.</u>	<u>Description</u>	<u>Factor</u>
1	Revenues	1.000000
	Expense:	
2	Uncollectibles	0.003781
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038374
5	Total Expense	<u>0.044155</u>
6	Net Operating Income Before FIT	0.955845
7	Federal Income Tax @ 21%	0.200727
8	REVENUE CONVERSION FACTOR	<u><u>0.755118</u></u>
9	Gross Up Factor	1.046195

2018 Commission Basis Conversion Factor

**Avista Utilities
Washington Jurisdiction
2019 Decoupling Schedule 175 Filing
Natural Gas**

Type of Service	Schedule Number	Decoupling Billing Determinants	Present Decoupling Rate	Present Decoupling Revenue	Proposed Decoupling Incr/(Decr)	Proposed Decoupling Revenue	Proposed Decoupling Rate	Incremental Rate change	Present Billing Revenue	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)		
General Service	101/102	132,430,516	\$ (0.02720)	\$ (3,602,110)	\$ 4,158,318	\$ 556,208	\$ 0.00420	\$ 0.03140	\$ 98,537,757	4.22%
Large General Service	111/112/116	56,349,751	\$ 0.00691	\$ 389,377	\$ 648,022	\$ 1,037,399	\$ 0.01841	\$ 0.01150	\$ 29,915,788	2.17%
High Annual Load Factor Large General Service	121/122/126	2,044,779	\$ 0.00691	\$ 14,129	\$ 23,515	\$ 37,644	\$ 0.01841	\$ 0.01150	\$ 800,027	2.94%
Interruptible Service	131	0	\$ 0.00691	\$ -	\$ -	\$ -	\$ 0.01841	\$ 0.01150	\$ -	0.00%
Interruptible Service	132	N/A							\$ 464,206	0.00%
Transportation Service	146	N/A							\$ 3,222,768	0.00%
Special Contract Transportation Service	148	N/A							\$ 1,401,909	0.00%
Total		190,825,046		\$ (3,198,604)	\$ 4,829,855	\$ 1,631,251			\$ 134,342,455	3.60%
Non-Residential Group Subtotal		58,394,530		\$ 403,506	\$ 671,537	\$ 1,075,043			\$ 30,715,815	2.19%

Average Residential Bill		@66 therms
Basic Charge	\$9.50	\$9.50
First 70 therms	\$0.58014	\$38.29
Next 70 therms	\$0.69020	\$0.00
Residential Bill at 6/1/2019 rates		\$47.79
Proposed rate change	\$ 0.03140	\$2.07
Residential Bill at Proposed rates		\$49.86
Proposed Percent Increase		4.33%