

Avista Corporation Natural Gas Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 2nd Quarter 2014

AVISTA UTILITIES
Washington - Gas
Approved Decoupling Mechanism per Order No. 10 Docket No. UG-090135
Actual compared to 2011 Test Year (UG-120437 Settlement)
Adjusted for Actual New Customer Usage and Schedule Shifting
Period July 2013 - June 2014

	<u>2013</u> <u>July</u>	<u>2013</u> <u>August</u>	<u>2013</u> <u>September</u>	<u>2013</u> <u>October</u>	<u>2013</u> <u>November</u>	<u>2013</u> <u>December</u>	<u>2014</u> <u>January</u>	<u>2014</u> <u>February</u>	<u>2014</u> <u>March</u>	<u>2014</u> <u>April</u>	<u>2014</u> <u>May</u>	<u>2014</u> <u>June</u>	<u>Period to Date</u> <u>Total</u>
12 Months Ended June 2014 Actual Schedule 101													
Schedule 101 Billed Therms	2,615,171	1,994,193	2,083,557	5,217,693	10,206,179	19,810,399	21,639,040	21,118,935	17,949,391	10,511,092	6,680,763	3,041,673	122,868,086
Deduct New Customer Usage(1)	(47,344)	(34,574)	(36,282)	(98,911)	(222,096)	(467,634)	(719,235)	(696,666)	(595,121)	(346,224)	(214,323)	(85,066)	(3,563,476)
Schedule Shifting Adjustment (2)	28,650	22,507	23,407	33,193	55,834	79,652	212,744	166,884	180,581	130,364	110,038	67,935	1,111,789
Deduct Prior Month Unbilled Therms	(2,038,665)	(1,510,487)	(1,565,932)	(2,121,593)	(6,085,923)	(10,875,393)	(13,643,535)	(12,625,166)	(11,702,026)	(7,931,698)	(5,263,099)	(2,339,609)	(77,703,126)
Add Current Month Unbilled Therms	1,510,487	1,565,932	2,121,593	6,085,923	10,875,393	13,643,535	12,625,166	11,702,026	7,931,698	5,263,099	2,339,609	1,856,284	77,520,745
Add Weather Adjustment	-	-	-	(535,232)	(158,638)	(665,202)	306,960	(2,776,669)	(80,670)	170,033	1,214,300	412,168	(2,112,950)
Weather Adj Calendar Therms	2,068,299	2,037,571	2,626,343	8,581,073	14,670,749	21,525,357	20,421,140	16,889,344	13,683,853	7,796,666	4,867,288	2,953,385	118,121,068
Weather Adj Calendar Therms	2,068,299	2,037,571	2,626,343	8,581,073	14,670,749	21,525,357	20,421,140	16,889,344	13,683,853	7,796,666	4,867,288	2,953,385	118,121,068
Less Test Year Therms	2,238,206	2,111,319	2,467,077	7,228,847	15,436,280	21,347,972	20,593,808	16,811,997	13,669,721	9,595,265	5,122,806	2,401,308	119,024,606
Therm Difference	(169,907)	(73,748)	159,266	1,352,226	(765,531)	177,385	(172,668)	77,347	14,132	(1,798,599)	(255,518)	552,077	(903,538)
Times Current Margin Rate per Therm	<u>0.29838</u>	<u>0.29838</u>	<u>0.29838</u>	<u>0.29838</u>	<u>0.29838</u>	<u>0.29838</u>	<u>0.30662</u>	<u>0.30662</u>	<u>0.30662</u>	<u>0.30662</u>	<u>0.30662</u>	<u>0.30662</u>	<u>0.30662</u>
Revenue Excess (Shortfall)	(\$50,697)	(\$22,005)	\$47,522	\$403,477	(\$228,419)	\$52,928	(\$52,943)	\$23,716	\$4,333	(\$551,486)	(\$78,347)	\$169,278	(\$282,643)
45% Limitation	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%
Deferred Revenue Account Entry	(\$22,814)	(\$9,902)	\$21,385	\$181,565	(\$102,789)	\$23,818	(\$23,825)	\$10,672	\$1,950	(\$248,169)	(\$35,256)	\$76,175	(\$127,190)
407328 or (407428)													

(1) Per monthly reports - current month usage for new services opened since that month of the test year.

(2) The schedule shifting adjustment adds back test year usage of customers that have shifted away from Schedule 101 and deducts the current month usage of customers that were on a different schedule during the test year and have shifted to Schedule 101.

(3) Appendix 2 of the UG-120437 Stipulation had inadvertently neglected to include the margin rate computation for rates to be effective January 1, 2014, see calculation shown on page 5 of this report.

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**2011 Test Year Factors, 2013 -2014 Actual Weather and Unbilled
12 Months Ended December 2011 Test Year Monthly Data**

Weather Normalization

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Total
Normal Degree Days (30 Year Average 1982 - 2011)	1,109	913	775	551	327	140	36	33	184	546	885	1,172	6,671
Actual Degree Days	1,090	1,085	780	537	227	106	-	7	160	590	898	1,213	6,693
Degree Day Adjustment (7)	19	(172)	(5)	14	100	34	36	26	24	(44)	(13)	(41)	(22)
	<u>Monthly</u>												
Res 101	<u>Use/DD/Cust(7)</u> 0.0980	0.0980	0.0980	0.0760	0.0760	0.0760	0.0000	0.0000	0.0000	0.0760	0.0760	0.0980	
Com 101	<u>Use/DD/Cust(7)</u> 0.2520	0.2520	0.2520	0.1663	0.1663	0.1663	0.0000	0.0000	0.0000	0.1663	0.1663	0.2520	
Ind 101	<u>Use/DD/Cust(7)</u> 0.4123	0.4123	0.4123	0.2742	0.2742	0.2742	0.0000	0.0000	0.0000	0.2742	0.2742	0.4123	

Sch. 101

Res 101	249,221	(2,253,512)	(65,498)	142,022	1,014,167	344,181	-	-	-	(447,200)	(132,666)	(540,867)	(1,690,152)
Com 101	57,097	(517,484)	(15,007)	27,696	197,830	67,195	-	-	-	(86,994)	(25,655)	(122,847)	(418,169)
Ind 101	642	(5,673)	(165)	315	2,303	792	-	-	-	(1,038)	(317)	(1,488)	(4,629)
Total 101	306,960	(2,776,669)	(80,670)	170,033	1,214,300	412,168	-	-	-	(535,232)	(158,638)	(665,202)	(2,112,950)

Revenue Run Customers (Meters Billed)

Class	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Annual Total
Residential 101 01 (8)	133,846	133,692	133,670	133,479	133,443	133,197	133,325	133,519	133,444	133,732	134,277	134,611	1,604,235
Commercial 101 21 (8)	11,925	11,939	11,910	11,896	11,896	11,884	11,825	11,854	11,878	11,889	11,867	11,890	142,653
Industrial 101 31 (8)	82	80	80	82	84	85	83	86	83	86	89	88	1,008
Interdepartmental 101 80 (8)	29	32	31	30	29	30	30	30	30	30	30	29	360
Total	145,882	145,743	145,691	145,487	145,452	145,196	145,263	145,489	145,435	145,737	146,263	146,618	1,748,256

Current Monthly Unbilled Calculation

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Unbilled Sch 101 per Books	2,068,502	1,535,630	1,588,072	2,152,053	6,178,713	11,043,212	13,868,821	12,912,231	11,977,669	8,125,021	5,390,257	2,400,797	1,904,904
Rev Run Customers (Meters Billed)	147,321	147,681	147,546	147,523	147,959	148,520	149,039	149,199	149,176	149,242	149,002	149,256	148,999
Average Unbilled per Customer	14.04	10.40	10.76	14.59	41.76	74.36	93.05	86.54	80.29	54.44	36.18	16.09	12.78
Test Year Customer Current Unbilled	2,038,665	1,510,487	1,565,932	2,121,593	6,085,923	10,875,393	13,643,535	12,625,166	11,702,026	7,931,698	5,263,099	2,339,609	1,856,284

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Balance Sheet Accounts

GL Account Balance Accounting Period : '201404, 201405, 201406'

Ferc Acct:186328 Ferc Acct Desc:REG ASSET-DECOUPLING DEFERRED Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201404	-80,060.00	248,169.00	168,109.00
201405	168,109.00	-168,109.00	0.00 (1)
201406	0.00	0.00	0.00 (2)
Sum: 80,060.00			

GL Account Balance Accounting Period : '201404, 201405, 201406'

Ferc Acct:182329 Ferc Acct Desc:REG ASSET- DECOUPLING PRIOR YE Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201404	0.00	0.00	0.00
201405	0.00	0.00	0.00
201406	0.00	0.00	0.00
Sum: 0.00			

GL Account Balance Accounting Period : '201404, 201405, 201406'

Ferc Acct:182328 Ferc Acct Desc:REG ASSET- DECOUPLING SURCHARG Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201404	5,328.57	14.43	5,343.00
201405	5,343.00	14.47	5,357.47
201406	5,357.47	14.51	5,371.98
Sum: 43.41			

GL Account Balance Accounting Period : '201404, 201405, 201406'

Ferc Acct:254328 Ferc Acct Desc:REG LIABILITY DECOUPLING REBAT Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201404	0.00	0.00	0.00
201405	0.00	0.00	0.00
201406	0.00	0.00	0.00
Sum: 0.00			

GL Account Balance Accounting Period : '201404, 201405, 201406'

Ferc Acct:283328 Ferc Acct Desc:ADFIT DECOUPLING DEFERRED REV Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201404	26,155.94	-86,864.20	-60,708.26
201405	-60,708.26	58,833.09	-1,875.17
201406	-1,875.17	-5.08	-1,880.25
Sum: -28,036.19			

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Income Statement Accounts

GL Account Balance Accounting Period : '201404, 201405, 201406'

Ferc Acct:407428 Ferc Acct Desc:REG CREDIT DECOUPLING DEF REV Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201404	-23,825.00	-248,169.00	-271,994.00
201405	-271,994.00	-35,256.00	-307,250.00
201406	-307,250.00	-76,175.00	-383,425.00 (2)
Sum: -359,600.00			

GL Account Balance Accounting Period : '201404, 201405, 201406'

Ferc Acct:407328 Ferc Acct Desc:REG DEBIT DECOUPLING DEF REV Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201404	12,622.00	0.00	12,622.00
201405	12,622.00	203,365.00	215,987.00 (1)
201406	215,987.00	76,175.00	292,162.00
Sum: 279,540.00			

GL Account Balance Accounting Period : '201404, 201405, 201406'

Ferc Acct:407329 Ferc Acct Desc:REG DEBIT AMT DECOUPLING SURCH Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201404	0.00	0.00	0.00
201405	0.00	0.00	0.00
201406	0.00	0.00	0.00
Sum: 0.00			

GL Account Balance Accounting Period : '201404, 201405, 201406'

Ferc Acct:407429 Ferc Acct Desc:REG CREDIT AMT DECOUPLING REBA Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201404	0.00	0.00	0.00
201405	0.00	0.00	0.00
201406	0.00	0.00	0.00
Sum: 0.00			

Note (1) Surcharge recovery is contingent on meeting at least 70% of DSM target savings. During May actual verified savings were determined to be 69% of the target. Therefore, an entry was made to eliminate the May 31, 2014 fiscal period-to-date surcharge balance of \$203,365 from the general ledger.

Note (2) The June deferral entry amount resulted in a 12 months ended June 30, 2014 fiscal period surcharge balance of \$127,190 that is non-recoverable due to the results of the DSM target savings test. Therefore the June entry was also written off, keeping the per books balance at \$0.

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Avista Utilities
Washington - Gas - Test Year Calculations for Decoupling
12 Months Ended December 2011 - Docket No. UG-120437

12 MONTHS ENDED DECEMBER 2011 TEST YEAR BASE
Docket No. UG-120437 Settlement

	<u>Per PDE(1)</u>	<u>Annual Total</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
1 Schedule 101														
2 Therms														
3 Usage from Revenue Run(2)	123,192,356	123,192,356	20,587,656	18,101,774	17,689,122	12,727,741	10,355,100	5,262,768	2,994,883	2,297,477	2,203,697	3,443,780	9,785,451	17,742,907
4 Ded: Prior Mo. Unbilled(2)		(92,962,594)	(14,293,952)	(14,203,169)	(14,414,731)	(10,637,340)	(9,290,207)	(4,956,495)	(2,725,410)	(1,968,733)	(1,782,575)	(2,045,955)	(5,466,092)	(11,177,935)
5 Add: Current Mo. Unbilled(2)		92,575,523	14,203,169	14,414,731	10,637,340	9,290,207	4,956,495	2,725,410	1,968,733	1,782,575	2,045,955	5,466,092	11,177,935	13,906,881
6 Net Unbilled	(387,071)													
7 Add: Weather Adjustment(2)	(3,780,679)	(3,780,679)	96,935	(1,501,339)	(242,010)	(1,785,343)	(898,582)	(630,375)	-	-	-	364,930	(61,014)	876,119
8 Test Year Monthly Therms	119,024,606	119,024,606	20,593,808	16,811,997	13,669,721	9,595,265	5,122,806	2,401,308	2,238,206	2,111,319	2,467,077	7,228,847	15,436,280	21,347,972
9														
10														
11 Customers / Billings														
12 Test Yr Customers/Billings(2)	1,748,256	1,748,256	145,882	145,743	145,691	145,487	145,452	145,196	145,263	145,489	145,435	145,737	146,263	146,618
13 Test Year Average Use/Cust		68	141	115	94	66	35	17	15	15	17	50	106	146
14														
15			Schedule 101		Schedule 101 (6)									
16 Sch 101 Base Rate/therm(3)			\$0.80241		\$0.81104									
17 Times: 1 minus Revenue Related Items (4)			0.955309		0.955309									
18 Revenue prior to gross up			\$0.76655		\$0.77479									
19 Less: Weighted Average Gas Cost/therm(5)			\$0.46817		\$0.46817									
20 Margin Rate/therm			\$0.29838		\$0.30662									
21			01-01-2013		01-01-2014									
22														
23														
24 (1) From Ehrbar workpapers in Docket No. UG-120437 PDE-G -1, PDE-G-3														
25 (2) From Monthly Data below														
26 (3) From Docket No. UG-120437 Settlement Appendix 3 page 7, Schedule 101 weighted average block rate per therm														
27 (4) From Docket No. UG-120437 Andrews Exhibit No. ____ (EMA-3), page 4, line 7														
28 (5) From Docket No. UG-120437 Ehrbar Exhibit No. ____ (PDE-6) proposed Twelfth Revision Sheet 150, weighted average gas cost														
(6) Inadvertantly left off of Appendix 2 in Stipulation, source: rate design model Schedule 101 average block rate for January 1, 2014 base rates.														

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12 MONTHS ENDED DECEMBER 2011 TEST YEAR BASE
UG-120437 Weather Normalization and Unbilled Calculation

1 **12 Months Ended December 2011 Monthly Data**

			<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Total</u>
Revenue Run Therms															
Total 101 (6)			20,587,656	18,101,774	17,689,122	12,727,741	10,355,100	5,262,768	2,994,883	2,297,477	2,203,697	3,443,780	9,785,451	17,742,907	123,192,356
Weather Normalization															
Normal Degree Days (30 Year Average 1982 - 2011)			1,109	913	775	551	327	140	36	33	184	546	885	1,172	6,671
Actual Degree Days			1,103	1,006	790	698	401	192	40	8	99	516	890	1,118	6,861
Degree Day Adjustment (7)			6	(93)	(15)	(147)	(74)	(52)	(4)	25	85	30	(5)	54	(190)
			<u>Monthly</u>												
Res 101			<u>Use/DD/Cust(7)</u> 0.0980	0.0980	0.0980	0.0760	0.0760	0.0760	0.0000	0.0000	0.0000	0.0760	0.0760	0.0980	
Com 101			<u>Use/DD/Cust(7)</u> 0.2520	0.2520	0.2520	0.1663	0.1663	0.1663	0.0000	0.0000	0.0000	0.1663	0.1663	0.2520	
Ind 101			<u>Use/DD/Cust(7)</u> 0.4123	0.4123	0.4123	0.2742	0.2742	0.2742	0.0000	0.0000	0.0000	0.2742	0.2742	0.4123	
Sch. 101															
Res 101			78,701	(1,218,469)	(196,495)	(1,491,227)	(750,483)	(526,395)	-	-	-	304,909	(51,025)	712,361	(3,138,123)
Com 101			18,031	(279,802)	(45,020)	(290,811)	(146,395)	(102,768)	-	-	-	59,314	(9,867)	161,799	(635,519)
Ind 101			203	(3,068)	(495)	(3,305)	(1,704)	(1,212)	-	-	-	707	(122)	1,959	(7,037)
Total 101			96,935	(1,501,339)	(242,010)	(1,785,343)	(898,582)	(630,375)	-	-	-	364,930	(61,014)	876,119	(3,780,679)
Revenue Run Customers (Meters Billed)															
Class			<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Annual Total</u>
Residential 101	01	(8)	133,846	133,692	133,670	133,479	133,443	133,197	133,325	133,519	133,444	133,732	134,277	134,611	1,604,235
Commercial 101	21	(8)	11,925	11,939	11,910	11,896	11,896	11,884	11,825	11,854	11,878	11,889	11,867	11,890	142,653
Industrial 101	31	(8)	82	80	80	82	84	85	83	86	83	86	89	88	1,008
Interdepartmental 101	80	(8)	29	32	31	30	29	30	30	30	30	30	30	29	360
Total			145,882	145,743	145,691	145,487	145,452	145,196	145,263	145,489	145,435	145,737	146,263	146,618	1,748,256
Monthly Unbilled Calculation															
			<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>
WA101 (9)			14,293,952	14,203,169	14,414,731	10,637,340	9,290,207	4,956,495	2,725,410	1,968,733	1,782,575	2,045,955	5,466,092	11,177,935	13,906,881

38 (6) From Knox Revenue Normalization workpapers in Docket No. UG-120437, TLK-R-21
39 (7) From Knox Revenue Normalization workpapers in Docket No. UG-120437, TLK-R-28 also shown in Ehrbar workpapers PDE-G-15
40 (8) From Knox Revenue Normalization workpapers in Docket No. UG-120437, TLK-R-30
41 (9) From Knox Revenue Normalization workpapers in Docket No. UG-120437, TLK-R-26