

Avista Corporation Natural Gas Decoupling Mechanism  
Washington Jurisdiction  
Quarterly Report for 3rd 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 2014 - June 2015

	<u>2014</u> <u>July</u>	<u>2014</u> <u>August</u>	<u>2014</u> <u>September</u>	<u>2014</u> <u>October</u>	<u>2014</u> <u>November</u>	<u>2014</u> <u>December</u>	<u>2015</u> <u>January</u>	<u>2015</u> <u>February</u>	<u>2015</u> <u>March</u>	<u>2015</u> <u>April</u>	<u>2015</u> <u>May</u>	<u>2015</u> <u>June</u>	<u>Period to Date</u> <u>Total</u>
<b>12 Months Ended June 2015 Actual</b>													
<b>Schedule 101</b>													
Schedule 101 Billed Therms	2,501,469	1,954,422	2,449,785										6,905,676
<b>Deduct New Customer Usage(1)</b>	(65,555)	(56,306)	(65,019)										(186,880)
<b>Schedule Shifting Adjustment (2)</b>	39,601	28,465	13,793										81,859
Deduct Prior Month Unbilled Therms	(1,856,284)	(1,460,459)	(1,553,314)	(1,820,072)	-	-	-	-	-	-	-	-	(4,870,057)
Add Current Month Unbilled Therms	1,460,459	1,553,314	1,820,072	-	-	-	-	-	-	-	-	-	4,833,845
Add Weather Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
Weather Adj Calendar Therms	2,079,690	2,019,436	2,665,317	(1,820,072)	-	-	-	-	-	-	-	-	6,764,443
Weather Adj Calendar Therms	2,079,690	2,019,436	2,665,317	(1,820,072)	-	-	-	-	-	-	-	-	6,764,443
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	6,816,602
Therm Difference	(158,516)	(91,883)	198,240										(52,159)
Times Current Margin Rate per Therm	<u>0.30662</u>	<u>0.30662</u>	<u>0.30662</u>	<u>0.30662</u>	<u>0.30662</u>	<u>0.30662</u>	(3) <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>
<b>Revenue Excess (Shortfall)</b>	<b>(\$48,604)</b>	<b>(\$28,173)</b>	<b>\$60,784</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$15,993)</b>
45% Limitation	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	
<b>Deferred Revenue Account Entry</b>	<b>(\$21,872)</b>	<b>(\$12,678)</b>	<b>\$27,353</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$7,197)</b>
407328 or (407428)													
<b>Impairment per books (3)</b>	<b>\$21,872</b>	<b>\$12,678</b>	<b>(\$27,353)</b>										<b>\$7,197</b>
<b>General Ledger Balance</b>													-

(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) Impairments recorded because 2014 calendar WA natural gas DSM savings results are not expected to meet the minimum target, therefore surcharge balances will not be recoverable.

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**2011 Test Year Factors, 2014 -2015 Actual Weather and Unbilled  
12 Months Ended December 2011 Test Year Monthly Data**

**Weather Normalization**

	<u>Jan-15</u>	<u>Feb-15</u>	<u>Mar-15</u>	<u>Apr-15</u>	<u>May-15</u>	<u>Jun-15</u>	<u>Jul-14</u>	<u>Aug-14</u>	<u>Sep-14</u>	<u>Oct-14</u>	<u>Nov-14</u>	<u>Dec-14</u>	<u>Total</u>
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	1,109	913	775	551	327	140	7	5	94	546	885	1,172	6,524
<b>Degree Day Adjustment (7)</b>	-	-	-	-	-	-	29	28	90	-	-	-	147
	<u>Monthly</u>												
Res 101	<u>Use/DD/Cust(7)</u>	0.0980	0.0980	0.0980	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	0.0000	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	0.0000	0.0000	0.0000	0.2742	0.2742	0.4123	
<b>Sch. 101</b>													
Res 101	-	-	-	-	-	-	-	-	-	-	-	-	-
Com 101	-	-	-	-	-	-	-	-	-	-	-	-	-
Ind 101	-	-	-	-	-	-	-	-	-	-	-	-	-
Total 101	-	-	-	-	-	-	-	-	-	-	-	-	-

**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

**Current Monthly Unbilled Calculation**

	<u>Jun-14</u>	<u>Jul-14</u>	<u>Aug-14</u>	<u>Sep-14</u>	<u>Oct-14</u>	<u>Nov-14</u>	<u>Dec-14</u>	<u>Jan-15</u>	<u>Feb-15</u>	<u>Mar-15</u>	<u>Apr-15</u>	<u>May-15</u>	<u>Jun-15</u>
Unbilled Sch 101 per Books	1,904,904	1,498,523	1,591,878	1,869,705									
Rev Run Customers (Meters Billed)	148,999	149,049	149,101	149,401	1	1	1	1	1	1	1	1	1
Average Unbilled per Customer	12.78	10.05	10.68	12.51	-	-	-	-	-	-	-	-	-
Test Year Customer Current Unbilled	1,856,284	1,460,459	1,553,314	1,820,072	-	-	-	-	-	-	-	-	-

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**Balance Sheet Accounts**

GL Account Balance Accounting Period : '201407, 201408, 201409'

Ferc Acct:186328 Ferc Acct Desc:REG ASSET-DECOUPLING DEFERRED Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201407	0.00	0.00	0.00 (1)
201408	0.00	0.00	0.00 (1)
201409	0.00	0.00	0.00 (1)
<b>Sum: 0.00</b>			

GL Account Balance Accounting Period : '201407, 201408, 201409'

Ferc Acct:182329 Ferc Acct Desc:REG ASSET- DECOUPLING PRIOR YE Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201407	0.00	0.00	0.00 (2)
201408	0.00	0.00	0.00
201409	0.00	0.00	0.00
<b>Sum: 0.00</b>			

GL Account Balance Accounting Period : '201407, 201408, 201409'

Ferc Acct:182328 Ferc Acct Desc:REG ASSET- DECOUPLING SURCHARG Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201407	5,371.98	14.55	5,386.53
201408	5,386.53	14.59	5,401.12
201409	5,401.12	14.63	5,415.75
<b>Sum: 43.77</b>			

GL Account Balance Accounting Period : '201407, 201408, 201409'

Ferc Acct:254328 Ferc Acct Desc:REG LIABILITY DECOUPLING REBAT Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201407	0.00	0.00	0.00
201408	0.00	0.00	0.00
201409	0.00	0.00	0.00
<b>Sum: 0.00</b>			

GL Account Balance Accounting Period : '201407, 201408, 201409'

Ferc Acct:283328 Ferc Acct Desc:ADFIT DECOUPLING DEFERRED REV Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201407	-1,880.25	-5.09	-1,885.34
201408	-1,885.34	-5.11	-1,890.45
201409	-1,890.45	43.88	-1,846.57 (3)
<b>Sum: 33.68</b>			

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**Income Statement Accounts**

GL Account Balance Accounting Period : '201407, 201408, 201409'

Ferc Acct:407428 Ferc Acct Desc:REG CREDIT DECOUPLING DEF REV Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201407	-383,425.00	-21,872.00	-405,297.00
201408	-405,297.00	-12,678.00	-417,975.00
201409	-417,975.00	27,353.00	-390,622.00
<b>Sum: -7,197.00</b>			

GL Account Balance Accounting Period : '201407, 201408, 201409'

Ferc Acct:407328 Ferc Acct Desc:REG DEBIT DECOUPLING DEF REV Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201407	292,162.00	21,872.00	314,034.00 (1)
201408	314,034.00	12,678.00	326,712.00 (1)
201409	326,712.00	-27,353.00	299,359.00 (1)
<b>Sum: 7,197.00</b>			

GL Account Balance Accounting Period : '201407, 201408, 201409'

Ferc Acct:407329 Ferc Acct Desc:REG DEBIT AMT DECOUPLING SURCH Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201407	0.00	0.00	0.00
201408	0.00	0.00	0.00
201409	0.00	0.00	0.00
<b>Sum: 0.00</b>			

GL Account Balance Accounting Period : '201407, 201408, 201409'

Ferc Acct:407429 Ferc Acct Desc:REG CREDIT AMT DECOUPLING REBA Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201407	0.00	0.00	0.00
201408	0.00	0.00	0.00
201409	0.00	0.00	0.00
<b>Sum: 0.00</b>			

Note (1) Surcharge recovery is contingent on meeting at least 70% of DSM target savings. The 2014 DSM target is 1,310,000 therms from Washington and year to date results indicate that verified therm savings in 2014 will be short of even the minimum target. Consequently, surcharge balances associated with the 2014 - 2015 deferral period under this mechanism are being impaired as incurred due to non-recoverability.

Note (2) The 2013 - 2014 deferral period resulted in a surcharge balance of \$127,190 which was written off as non-recoverable due to failure to meet the minimum DSM savings target. Therefore as discussed in Docket No. UG-143223, \$0 is pending recovery from this deferral period.

Note (3) In September 2014 a 2013 tax true-up entry of \$49 was erroneously assigned to the Decoupling deferred tax account, the entry will be reversed and correctly assigned.

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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 <b>Schedule 101</b>														
2 <b>Therms</b>														
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 <b>Customers / Billings</b>														
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 <b>Margin Rate/therm</b>			<b>\$0.29838</b>		<b>\$0.30662</b>									
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>
<b>Revenue Run Therms</b>															
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
<b>Weather Normalization</b>															
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
<b>Degree Day Adjustment (7)</b>			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	
<b>Sch. 101</b>															
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)
<b>Revenue Run Customers (Meters Billed)</b>															
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
<b>Monthly Unbilled Calculation</b>															
			<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