

## 3.01 Natural Gas Revenue Normalization Page 1

AVISTA UTILITIES  
WASHINGTON NATURAL GAS  
TWELVE MONTHS ENDED DECEMBER 31, 2019  
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Pro Forma Revenue Normalization
	Adjstment Number	3.01
	Workpaper Reference	G-PREV
	REVENUES	
1	Total General Business	\$ (41,734)
2	Total Transportation	290
3	Other Revenues	(1,153)
4	Total Gas Revenues	<u>(42,597)</u>
	EXPENSES	
	Production Expenses	
5	City Gate Purchases	(51,148)
6	Purchased Gas Expense	-
7	Net Nat Gas Storage Trans	-
8	Total Production	<u>(51,148)</u>
	Underground Storage	
9	Operating Expenses	-
10	Depreciation/Amortization	-
11	Taxes	-
12	Total Underground Storage	<u>-</u>
	Distribution	
13	Operating Expenses	-
14	Depreciation/Amortization	-
15	Taxes	(1,591)
16	Total Distribution	<u>(1,591)</u>
17	Customer Accounting	(138)
18	Customer Service & Information	-
19	Sales Expenses	-
	Administrative & General	
20	Operating Expenses	(83)
21	Depreciation/Amortization	-
22	Regulatory Amortizations	-
23	Taxes	-
24	Total Admin. & General	<u>(83)</u>
25	Total Gas Expense	<u>(52,960)</u>
26	OPERATING INCOME BEFORE FIT	10,363
	FEDERAL INCOME TAX	
27	Current Accrual	2,176
28	Debt Interest	-
29	Deferred FIT	-
30	Amort ITC	-
31	NET OPERATING INCOME	<u>\$ 8,187</u>
	RATE BASE	
	PLANT IN SERVICE	
32	Underground Storage	\$ -
33	Distribution Plant	-
34	General Plant	-
35	Total Plant in Service	<u>-</u>
	ACCUMULATED DEPRECIATION/AMORT	
36	Underground Storage	-
37	Distribution Plant	-
38	General Plant	-
39	Total Accumulated Depreciation/Amortization	<u>-</u>
40	NET PLANT	<u>-</u>
41	DEFREED TAXES	<u>-</u>
42	Net Plant After DFIT	-
43	GAS INVENTORY	-
44	GAIN ON SALE OF BUILDING	-
45	OTHER	-
46	WORKING CAPITAL	<u>-</u>
47	TOTAL RATE BASE	<u>\$ -</u>

### 3.01 Natural Gas Revenue Normalization Page 2

Adjustment No. **3.02**

Workpaper Ref G-PREV-1

**WA Gas PF Revenue Normalization Adjustment--12-months Ended December 31, 2019**

Rates Effective April 1st, 2019		<b>CB Rostated</b>		<b>Pro-Forma</b>	<b>Total Adjust</b>	<b>Revenue Norm. Adj.</b>	
<b>Revenue</b>	<b>WP Source</b>		<b>WP Source</b>				
Base Revenue	G-PREV-2	93,055	G-PREV-5	102,740	9,685	9,685	
Gas Cost Revenue	G-PREV-2	53,468			-53,468	-53,468	
Weather Normalization	G-PREV-2	-2,200	G-PREV-5	-2,444	-244	-244	
Unbilled Revenue	G-PREV-2	-2,758	G-PREV-5	-465	2,293	2,293	
Sales to Ultimate Consumers / Genl Bus. Rev		141,565		99,831	-41,734	-41,734	
Base Revenue, Transportation	G-PREV-2	5,052	G-PREV-5	5,342	290	290	
Unbilled Revenue Transportation *		0		0	0	0	
Transportation For Others**		5,052		5,342	290	290	
Tariffed Sales	Calc	146,617		105,173	-41,444	-41,444	
Provision For Rate Refund - Decoupling	G-PREV-2	0		0	0	0	Elim Decoupling Earnings Sharing in Test Period
Provision For Rate Refund - Tax Reform	G-PREV-2	-35		0	35	35	Elim Tax Reform Deferral true-up entry
Decoupling Deferred Revenue	G-PREV-2	1,188		0	-1,188	-1,188	Elim 2019 Decoupling deferrals - GRC resets Base
Total Revenue Adjustment		147,770		105,173	-42,597	-42,597	
<b>Expense</b>							
Gas Purchases	G-PREV-2	51,148		0	-51,148	-51,148	
GTI Funding 813	G-PREV-2	84		84	0	0	
State Excise Tax						-1,591	3.8392% Effective Rate
Uncollectibles						-138	0.3326% Effective Rate
Commission Fees						-83	0.2000% Nominal Rate
						-52,960	4.3718% Conver. Factor b4 FIT
<b>Operating Income before FIT</b>						10,363	
FIT Expense						2,176	21%
<b>Net Operating Income</b>						8,187	

\* zero in Pro-forma revenues  
148); moved to "Other Revenue" in Cost of Service

\$1,761  
\$3,581 "Total Transp Rev" for COS

-41,444 Revenue  
 4.3718% Conver. Factor b4 FIT  
 -1,812 Rev related exp.  
 -1,812 check  
 0

**WA Gas Normalized Revenue --12 months ended December 31, 2019**  
 \$000's

Revenue	WP Source	Actuals	Eliminate	Weather	Eliminate	Misc	Total	Normalized CB Base Revenue and Gas Cost
		1.00	B&O Taxes 2.01	Normalization 2.10	Adder Sched 2.11	Restating 2.12	Adjust	
Base Rate Revenue	Calc	93,055					0	93,055
Gas Cost Revenue - Sch 150	EAS	55,199		-1,731			-1,731	53,468
Weather Normalization	WN			-2,200			-2,200	-2,200
Gas Rate Adjustment - Sch 155	Calc	-12,859			12,859		12,859	0
B&O Tax - Sch 158	B&O	5,116	-5,116				-5,116	0
Tax Reform Refund - Sch 174	Calc	-2,122			2,122		2,122	0
Decoupling Amortization - Sch 175	EAS	-1,953			1,953		1,953	0
Public Purpose Rider - Sch 189/191/192	Calc	8,904			-8,904		-8,904	0
Unbilled Revenue	ROO / Calc	-2,788			30		30	-2,758
Sales to Ultimate Consumers / Genl Bus. Rev	ROO	142,552	-5,116	-3,931	8,060	0	-987	141,565
Base Revenue, Transportation	Calc	5,052					0	5,052
B&O Tax, Transportation	B&O	131	-131				-131	0
Unbilled Revenue Transportation *		0					0	0
Transportation For Others		5,183	-131	0	0		-131	5,052
Tariffed Sales	Calc	147,735	-5,247	-3,931	8,060		-1,118	146,617
Sales for Resale	EAS	55,067			-55,067		-55,067	0
Deferred Exchange	EAS	3,039			-3,039		-3,039	0
Provision for Rate Refund - Decoupling	ROO	444				-444	-444	0
Provision for Rate Refund - Tax Reform	ROO	-35					0	-35
Other Revenue - Decoupling Amortization	WN/EAS	1,868			-1,868		-1,868	0
Other Revenue - Decoupling Deferred Revenue	ROO	-907		2,095	0		2,095	1,188
Other Revenue - Miscellaneous	Calc	614					0	614
Total Other Revenue	ROO	60,090	0	2,095	-59,974	-444	-58,323	1,767
Total Gas Revenue	Calc	207,825	-5,247	-1,836	-51,914	-444	-59,441	148,384
<b>Expense</b>								
B&O Tax	B&O	5,235	-5,235				-5,235	0
Gas Purchases	EAS	112,838		-1,655	-60,035		-61,690	51,148
Prior Period Gas Cost Amortization	EAS	-12,297			12,297		12,297	0
GTI Funding 813010	ROO	87		-3			-3	84
Net Natural Gas Storage Transactions	EAS	-1,600			1,600		1,600	0
Product Extraction sales in PGA	EAS	-328			328		328	0
Public Purpose Rider	EAS	8,515			-8,515		-8,515	0
Public Purpose Rider Unbilled	EAS	-30			30		30	0
Tax Reform Amortization	EAS	-1,205			1,205		1,205	0
State Excise Tax	CF	5,672		-151	309	0	158	5,830
Uncollectibles	CF	491		-13	27	0	14	505
Commission Fees	CF	295		-8	16	0	8	303
Total Expenses		117,673	-5,235	-1,830	-52,738	0	-59,803	57,870
Net Revenue Less Gas Costs		90,152	-12	-6	824	-444	362	90,514
DFIT Flow Through Tax Reform Amortization		-339			651			

Weather Normalization adjustment  
 excluded base rate revenue captured in  
 the Decoupling deferred revenue  
 (mechanism began January 2015)

Decoupling Deferred Revenue is net of  
 revenue related expenses that will be  
 incurred upon amortization

\* Transportation Unbilled Revenue is included in Sales to Ultimate Consumers per Results of Operations

Prep by: \_\_\_\_\_ 1st Review: \_\_\_\_\_

**AVISTA UTILITIES  
WASHINGTON NATURAL GAS  
PRO FORMA REVENUE UNDER PRESENT AND PROPOSED BASE TARIFF RATES  
12 MONTHS ENDED DECEMBER 31, 2019**

WORK PAPER REFERENCE	TOTAL	GEN SERVICE SCH. 101 & 102	LRG GEN SVC SCH. 111,112&116	EX LRG GEN SVC SCH. 121,122&126	INTERRUPTIBLE SCH. 131&132	TRANSPORT SCHEDULE 146	TRANSPORT SCHEDULE 148	TRANSPORT SCH 148 - WSU ANN. MINIMUM
<b>PRESENT BILL DETERMINANTS</b>								
<b>THERMS</b>								
JDM-G-8	BLOCK 1	83,030,623	6,558,198		220,000	8,146,142	24,245,810	10,933,465
JDM-G-8	BLOCK 2	54,532,868	17,521,410		285,403	8,282,125	6,193,304	
JDM-G-8	BLOCK 3		35,476,526		317,689	14,410,467	2,132,147	
JDM-G-8	BLOCK 4		738,873		170,108	2,975,781	5,419,126	
JDM-G-8	BLOCK 5		1,342,153			3,355,717	7,907,179	
	SUBTOTAL LOAD ADJUSTMENT	294,195,115	137,563,491	61,637,161	993,200	37,170,232	45,897,566	10,933,465
	SUBTOTAL ADJUSTMENT TO ACTUAL	294,195,115	137,563,491	61,637,161	993,200	37,170,232	45,897,566	10,933,465
JDM-G-3	TOTAL BEFORE ADJUSTMENT WEATHER & UNBILLED REV. ADJ.	294,195,115 (6,779,126)	137,563,491 (5,467,887)	61,637,161 (1,311,239)	993,200	37,170,232	45,897,566	10,933,465
	TOTAL PROFORMA THERMS	287,415,989	132,095,604	60,325,922	993,200	37,170,232	45,897,566	10,933,465
JDM-G-8	TOTAL BILLS	1,984,339			24	456	48	12
JDM-G-8	TOTAL MINIMUM BILLS		37,254					
<b>PROPOSED BILL DETERMINANTS</b>								
<b>THERMS</b>								
	BLOCK 1	83,030,623	6,558,198	Sch 121/122 disc	220,000	8,146,142	24,245,810	10,933,465
	BLOCK 2	54,532,868	17,521,410	(UG-190334)	285,403	8,282,125	6,193,304	
	BLOCK 3		35,476,526		317,689	14,410,467	2,132,147	
	BLOCK 4		738,873		170,108	2,975,781	5,419,126	
	BLOCK 5		1,342,153			3,355,717	7,907,179	
	SUBTOTAL NET SHIFTING ADJUSTMENT	294,195,115	137,563,491	61,637,161	993,200	37,170,232	45,897,566	10,933,465
	SUBTOTAL ADJUSTMENT TO ACTUAL	294,195,115	137,563,491	61,637,161	993,200	37,170,232	45,897,566	10,933,465
	TOTAL BEFORE ADJUSTMENT WEATHER & UNBILLED REV. ADJ.	294,195,115 (6,779,126)	137,563,491 (5,467,887)	61,637,161 (1,311,239)	993,200	37,170,232	45,897,566	10,933,465
	TOTAL PROFORMA THERMS	287,415,989	132,095,604	60,325,922	993,200	37,170,232	45,897,566	10,933,465
	TOTAL BILLS	1,984,339			24	456	48	12
	TOTAL MINIMUM BILLS		37,254					

**AVISTA UTILITIES  
WASHINGTON NATURAL GAS  
PRO FORMA REVENUE UNDER PRESENT AND PROPOSED BASE TARIFF RATES  
12 MONTHS ENDED DECEMBER 31, 2019**

WORK PAPER REFERENCE	TOTAL	GEN SERVICE SCHEDULE 101	LRG GEN SVC SCHEDULE 111	EX LRG GEN SVC SCHEDULE 121	INTERRUPTIBLE SCHEDULE 131	TRANSPORT SCHEDULE 146	TRANSPORT SCHEDULE 148	TRANSPORT SCH 148 - WSU ANN. MINIMUM
<b>PRESENT RATES</b>								
JDM-G-13/14		\$9.50				\$625.00	(1) \$200.00	(2) \$26,332.00
JDM-G-13/14			\$107.56					
JDM-G-13/14		41.035¢			27.008¢	10.494¢	2.800¢	1.000¢
JDM-G-13/14		53.333¢	36.159¢		21.681¢	9.336¢	4.500¢	
JDM-G-13/14			27.562¢		20.373¢	8.419¢	3.168¢	
JDM-G-13/14			23.517¢		18.203¢	7.785¢	2.500¢	
JDM-G-13/14			16.497¢			5.851¢	2.091¢	
		45.910¢	26.784¢		21.847¢	8.795¢		
<b>PROPOSED RATES</b>								
		\$9.50				\$625.00	\$200.00	\$26,332.00
			\$107.56					
		41.035¢			27.008¢	10.494¢	2.800¢	1.000¢
		53.333¢	36.159¢		21.681¢	9.336¢	4.500¢	
			27.562¢		20.373¢	8.419¢	3.168¢	
			23.517¢		18.203¢	7.785¢	2.500¢	
			16.497¢			5.851¢	2.091¢	
		45.910¢	26.784¢		21.847¢	8.795¢		

(1) Block 1 - Kaiser-Trentwood - workpaper JDM-G-19  
 Block 2 - Lamb-Weston - workpaper JDM-G-21  
 Block 3 - Mutual Materials - workpaper JDM-G-25  
 Block 4 - Washington Potato - workpaper JDM-G-23  
 Block 5 - Avista Electric generating facilities billed at 2.091 cents/therm (Sch. 148 floor)

(2) Monthly minimum / rate per therm - workpaper JDM-G-27

**Note: Rates exclude Sch. 150 (Purch. Gas Cost Adj.)**

**AVISTA UTILITIES  
WASHINGTON NATURAL GAS  
PRO FORMA REVENUE UNDER PRESENT AND PROPOSED BASE TARIFF RATES  
12 MONTHS ENDED DECEMBER 31, 2019**

WORK PAPER REFERENCE	TOTAL	GEN SERVICE SCHEDULE 101	LRG GEN SVC SCHEDULE 111	EX LRG GEN SVC SCHEDULE 121	INTERRUPTIBLE SCHEDULE 131	TRANSPORT SCHEDULE 146	TRANSPORT SCHEDULE 148	TRANSPORT SCH 148 - WSU ANN. MINIMUM
<b>PRESENT REVENUE</b>								
<b>BASE TARIFF REVENUE</b>								
BASIC CHARGE	\$19,461,805	\$18,851,221				\$285,000	\$9,600	\$315,984
MONTHLY/ANNUAL MINIMUM	4,033,601		4,007,040			26,561		
BLOCK 1	35,774,107	34,071,616			59,418	854,856	678,883	109,335
BLOCK 2	36,533,378	29,084,015	6,335,567		61,878	773,219	278,699	
BLOCK 3	11,123,527		9,778,040		64,723	1,213,217	67,546	
BLOCK 4	571,868		173,761		30,965	231,665	135,478	
BLOCK 5	583,097		221,415			196,343	165,339	
ANNUAL MINIMUM								
SUBTOTAL	\$108,081,382	\$82,006,851	\$20,515,823	\$0	\$216,983	\$3,580,861	\$1,335,545	\$425,319
NET SHIFTING ADJUSTMENT								
SUBTOTAL	\$108,081,382	\$82,006,851	\$20,515,823	\$0	\$216,983	\$3,580,861	\$1,335,545	\$425,319
ADJUST TO ACTUAL	0	0	0	0	0	0	0	0
TOTAL BASE TARIFF REVENUE	\$108,081,382	\$82,006,851	\$20,515,823	\$0	\$216,983	\$3,580,861	\$1,335,545	\$425,319
<b>ADJUSTMENT REVENUE</b>								
<b>UNBILLED REVENUE ADJUSTMENT</b>								
JDM-G-15	(991,272)	(1,042,511)	51,239					
JDM-G-2/5/6		45.910¢	26.784¢			8.795¢		
UNBILLED LOAD REVENUE	(\$464,895)	(\$478,619)	\$13,724	\$0				
TOTAL UNBILLED THERM ADJ	(991,272)	(1,042,511)	51,239	0				
TOTAL UNBILLED REVENUE ADJ	(\$464,895)	(\$478,619)	\$13,724					
<b>WEATHER NORMALIZATION ADJ</b>								
JDM-G-17	(5,787,854)	(4,425,376)	(1,362,478)					
JDM-G-2/5/6		46.546¢	28.189¢					
WEATHER-SENSITIVE REVENUE	(\$2,443,908)	(\$2,059,842)	(\$384,066)	\$0				
OTHER ADJUSTMENTS								
TOTAL ADJUSTMENT REVENUE	(\$2,908,803)	(\$2,538,461)	(\$370,342)		\$0	\$0	\$0	\$0
TOTAL BASE TARIFF REVENUE	108,081,382	82,006,851	20,515,823		216,983	3,580,861	1,335,545	425,319
TOTAL PRESENT REVENUE	\$105,172,579	\$79,468,390	\$20,145,481		\$216,983	\$3,580,861	\$1,335,545	\$425,319



AVISTA UTILITIES  
WASHINGTON NATURAL GAS 3.01 Natural Gas Revenue Normalization Page 8  
PRO FORMA REVENUE UNDER PRESENT AND PROPOSED BASE TARIFF RATES  
12 MONTHS ENDED DECEMBER 31, 2019

WORK PAPER REFERENCE	RATES	TOTAL THERMS	TOTAL REVENUE	BASE LOAD THERMS(1)	BASE LOAD REVENUE	WTHR-SENS. THERMS	WTHR-SENS. REVENUE
<u>PRESENT BASELOAD AND WEATHER-SENSITIVE RATE</u>							
SCHEDULE 101							
0-70 THERMS	41.035¢	83,030,623	\$34,071,616	15,874,712	\$6,514,188	67,155,911	\$27,557,428
OVER 70 THERMS	53.333¢	54,532,868	\$29,084,015	0	\$0	54,532,868	\$29,084,015
TOTAL AVERAGE RATE		137,563,491	\$63,155,631 45.910¢	15,874,712	\$6,514,188 41.035¢	121,688,779	\$56,641,443 46.546¢

PROPOSED BASELOAD AND WEATHER-SENSITIVE RATE

SCHEDULE 101							
0-70 THERMS	41.035¢	83,030,623	\$34,071,616	15,874,712	\$6,514,188	67,155,911	\$27,557,428
OVER 70 THERMS	53.333¢	54,532,868	\$29,084,015	0	\$0	54,532,868	\$29,084,015
TOTAL AVERAGE RATE		137,563,491	\$63,155,631 45.910¢	15,874,712	\$6,514,188 41.035¢	121,688,779	\$56,641,443 46.546¢

(1) Base load per bill for Schedule 101 is shown on workpaper JDM-G-18 multiplied by total billings from JDM-G-1, or 13 X 1,984,339 = 15,874,712

PRESENT BASELOAD AND WEATHER-SENSITIVE RATE

SCHEDULE 111							
0-200 THERMS	0.000¢	6,558,198	\$0	6,558,198	\$0	0	\$0
201-1,000 THERMS	36.159¢	17,521,410	\$6,335,567	12,329,580	\$4,458,253	5,191,830	\$1,877,314
1001-10,000 THERMS	27.562¢	35,476,526	\$9,778,040	0	\$0	35,476,526	\$9,778,040
10,001-25,000 THERMS	23.517¢	738,873	\$173,761	0	\$0	738,873	\$173,761
OVER 25,000 THERMS	16.497¢	1,342,153	\$221,415	0	\$0	1,342,153	\$221,415
TOTAL AVERAGE RATE		61,637,161	\$16,508,783 26.784¢	18,887,778	\$4,458,253 23.604¢	42,749,383	\$12,050,530 28.189¢

PROPOSED BASELOAD AND WEATHER-SENSITIVE RATE

SCHEDULE 111							
0-200 THERMS	0.000¢	6,558,198	\$0	6,558,198	\$0	0	\$0
201-1,000 THERMS	36.159¢	17,521,410	\$6,335,567	12,329,580	\$4,458,253	5,191,830	\$1,877,314
1001-10,000 THERMS	27.562¢	35,476,526	\$9,778,040	0	\$0	35,476,526	\$9,778,040
10,001-25,000 THERMS	23.517¢	738,873	\$173,761	0	\$0	738,873	\$173,761
OVER 25,000 THERMS	16.497¢	1,342,153	\$221,415	0	\$0	1,342,153	\$221,415
TOTAL AVERAGE RATE		61,637,161	\$16,508,783 26.784¢	18,887,778	\$4,458,253 23.604¢	42,749,383	\$12,050,530 28.189¢

(1) Base load per bill for Schedule 111 is shown on workpaper JDM-G-18 multiplied by total billings from JDM-G-1, or 522 X 37,254 = 18,887,778