

ATTACHMENT A

Schedule 175

Annual Natural Gas Decoupling Rate Adjustment

Rate Calculation for
November 1, 2017 – October 31, 2018

Avista Utilities
 Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates
 Effective November 1, 2017 - October 31, 2018

Residential Natural Gas

Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.05795	3.96%	
2	Oct-17	\$7,219,347		
3	Nov-17	\$6,338,090	\$22,333	15,592,584
4	Dec-17	\$5,031,864	\$18,730	22,863,760
5	Jan-18	\$3,756,411	\$14,477	22,259,360
6	Feb-18	\$2,739,656	\$10,701	17,730,049
7	Mar-18	\$1,872,611	\$7,598	15,093,057
8	Apr-18	\$1,348,254	\$5,306	9,139,987
9	May-18	\$1,066,307	\$3,977	4,933,991
10	Jun-18	\$898,745	\$3,237	2,947,345
11	Jul-18	\$765,781	\$2,742	2,341,775
12	Aug-18	\$642,270	\$2,319	2,171,370
13	Sep-18	\$495,055	\$1,873	2,572,702
14	Oct-18	\$94,338	\$971	6,931,638
15	Annual Total		\$94,264	124,577,619
16	Incremental Rate to Recover Estimated Interest		\$0.00076	
17	Estimated Rate to Recover Deferral Balance		\$0.05795	
18	Rate before Gross-up for Revenue-related items		\$0.05871	
19	Times: Gross-up for Revenue-related items (3)		1.048729	
20	Preliminary Proposed Decoupling Rate		\$0.06157	
21	3% Test Rate Adjustment (4)		(\$0.00577)	
22	Final Proposed Decoupling Rate		\$0.05580	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.05321	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		\$700,938	

Notes Notes

- (1) Deferral balance at the end of the month, Rate of \$0.05795 to recover the October 2017 balance of \$7,219,347 over 12 months. See page 2 and 5 of Attachment A for October 2017 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) 2016 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 2018

Line No.		Ending Balance	Interest	Amortization
			3.50% Q1 2016	
			3.71% Q2 2016	
			3.96% Q3 2016	
1	Dec-16	\$7,152,977		
2	Earnings Sharing Adjustment	(\$2,125,710)		
3	Adjusted December Balance	\$5,027,267		
4	Jan-17	\$5,041,930	\$14,663	
5	Feb-17	\$5,056,635	\$14,706	
6	Mar-17	\$5,071,384	\$14,749	
7	Apr-17	\$5,087,063	\$15,679	
8	May-17	\$5,102,791	\$15,728	
9	Jun-17	\$5,118,567	\$15,776	
10	Jul-17	\$5,135,458	\$16,891	
11	Aug-17	\$5,152,405	\$16,947	
12	Sep-17	\$5,169,408	\$17,003	
13	Oct-17	\$5,186,467	\$17,059	
14	Prior Year Carryover Balance \$	2,032,880		
15	Nov-17	\$6,412,120	\$22,455	\$829,681
16	Dec-17	\$5,214,692	\$19,153	\$1,216,581
17	Jan-18	\$4,045,526	\$15,254	\$1,184,421
18	Feb-18	\$3,113,904	\$11,794	\$943,416
19	Mar-18	\$2,319,753	\$8,951	\$803,102
20	Apr-18	\$1,840,267	\$6,853	\$486,339
21	May-18	\$1,583,369	\$5,640	\$262,538
22	Jun-18	\$1,431,507	\$4,966	\$156,828
23	Jul-18	\$1,311,420	\$4,518	\$124,606
24	Aug-18	\$1,200,018	\$4,137	\$115,539
25	Sep-18	\$1,066,859	\$3,734	\$136,893
26	Oct-18	\$700,938	\$2,912	\$368,832
27	Total		\$269,566	\$6,628,775
Summary				
28	2016 Deferred Revenue	\$7,152,977		
29	Less Earnings Sharing	(\$2,125,710)		
30	Add Prior Year Carryover Balance	\$2,032,880		
31	Add Interest through 10/31/2018	\$269,566		
32	Add Revenue Related Expense Adj.	\$322,656		
33	Total Requested Recovery	\$7,652,369		
34	Customer Surcharge Revenue	\$6,951,431		
35	Carryover Deferred Revenue	\$700,938		

Avista Utilities
Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates
Effective November 1, 2017 - October 31, 2018

Non-Residential Natural Gas

Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.03668	3.96%	
2	Oct-17	\$2,079,110		
3	Nov-17	\$1,806,446	\$6,401	7,608,078
4	Dec-17	\$1,482,199	\$5,417	8,987,589
5	Jan-18	\$1,171,395	\$4,371	8,592,554
6	Feb-18	\$922,960	\$3,450	6,867,083
7	Mar-18	\$709,061	\$2,688	5,904,797
8	Apr-18	\$571,004	\$2,109	3,821,305
9	May-18	\$488,119	\$1,745	2,307,229
10	Jun-18	\$425,096	\$1,504	1,759,208
11	Jul-18	\$360,565	\$1,294	1,794,569
12	Aug-18	\$290,393	\$1,072	1,942,344
13	Sep-18	\$206,251	\$818	2,316,231
14	Oct-18	\$31,260	\$391	4,781,424
15	Annual Total		\$31,261	56,682,411
16	Incremental Rate to Recover Estimated Interest		\$0.00055	
17	Estimated Rate to Recover Deferral Balance		\$0.03668	
18	Rate before Gross-up for Revenue-related items		\$0.03723	
19	Times: Gross-up for Revenue-related items (3)		1.048729	
20	Preliminary Proposed Decoupling Rate		\$0.03904	
21	3% Test Rate Adjustment (4)		\$0.00000	
22	Final Proposed Decoupling Rate		\$0.03904	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.03723	Amortization Rate
24	Estimated Carryover Balance (5)		\$0	

Notes Notes

- (1) Deferral balance at the end of the month, Rate of \$0.03668 to recover the October 2017 balance of \$2,079,110 over 12 months. See page 4 and 5 of Attachment A for October 2017 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) 2016 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 2018

Line No.		Ending Balance	Interest	Amortization
			3.50% Q1 2016	
			3.71% Q2 2016	
			3.96% Q3 2016	
1	Dec-16	\$2,002,654		
2	Earnings Sharing Adjustment	(\$665,616)		
3	Adjusted December Balance	\$1,337,038		
4	Jan-17	\$1,340,938	\$3,900	
5	Feb-17	\$1,344,849	\$3,911	
6	Mar-17	\$1,348,771	\$3,922	
7	Apr-17	\$1,352,941	\$4,170	
8	May-17	\$1,357,124	\$4,183	
9	Jun-17	\$1,361,320	\$4,196	
10	Jul-17	\$1,365,812	\$4,492	
11	Aug-17	\$1,370,319	\$4,507	
12	Sep-17	\$1,374,841	\$4,522	
13	Oct-17	\$1,379,378	\$4,537	
14	Prior Year Carryover Balance	\$ 699,731		
15	Nov-17	\$1,802,255	\$6,394	\$283,249
16	Dec-17	\$1,473,042	\$5,395	\$334,608
17	Jan-18	\$1,157,474	\$4,333	\$319,901
18	Feb-18	\$905,211	\$3,398	\$255,661
19	Mar-18	\$688,000	\$2,624	\$219,836
20	Apr-18	\$547,768	\$2,036	\$142,267
21	May-18	\$463,536	\$1,666	\$85,898
22	Jun-18	\$399,462	\$1,422	\$65,495
23	Jul-18	\$333,858	\$1,208	\$66,812
24	Aug-18	\$262,527	\$982	\$72,313
25	Sep-18	\$177,018	\$724	\$86,233
26	Oct-18	(\$704)	\$290	\$178,012
27	Total		\$72,813	\$2,110,286
	Summary			
28	2016 Deferred Revenue	\$2,002,654		
29	Less Earnings Sharing	(\$665,616)		
30	Add Prior Year Carryover Balance	\$ 699,731		
31	Add Interest through 10/31/2018	\$72,813		
32	Add Revenue Related Expense Adj.	\$103,299		
33	Total Requested Recovery	\$2,212,881		
34	Customer Surcharge Revenue	\$2,212,881		
35	Carryover Deferred Revenue	\$0		

Avista Utilities
Decoupling Mechanism Prior Surcharge or Rebate Amortization
Effective November 1, 2016 - October 31, 2017

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-16	\$ 5,470,378.00	\$15,506.44	\$(307,756.99)	\$ 5,178,127.45	3.50%	
2	Dec-16	\$ 5,178,127.45	\$14,118.79	\$(674,797.01)	\$ 4,517,449.23	3.50%	
3	Jan-17	\$ 4,517,449.23	\$12,065.35	\$(761,514.32)	\$ 3,768,000.26	3.50%	
4	Feb-17	\$ 3,768,000.26	\$10,209.45	\$(535,233.44)	\$ 3,242,976.27	3.50%	
5	Mar-17	\$ 3,242,976.27	\$8,875.40	\$(399,965.49)	\$ 2,851,886.18	3.50%	
6	Apr-17	\$ 2,851,886.18	\$8,400.68	\$(269,372.21)	\$ 2,590,914.65	3.71%	
7	May-17	\$ 2,590,914.65	\$7,796.81	\$(138,071.27)	\$ 2,460,640.19	3.71%	
8	Jun-17	\$ 2,460,640.19	\$7,497.69	\$(71,021.79)	\$ 2,397,116.09	3.71%	
9	Jul-17	\$ 2,397,116.09	\$7,815.03	\$(57,851.87)	\$ 2,347,079.25	3.96%	
10	Aug-17	\$ 2,347,079.25	\$7,646.30	\$(60,034.97)	\$ 2,294,690.58	3.96%	2,152,563
11	Sep-17	\$ 2,294,690.58	\$7,452.51	\$(72,705.58)	\$ 2,229,437.51	3.96%	2,606,869
12	Oct-17	\$ 2,229,437.51	\$7,021.24	\$(203,578.74)	\$ 2,032,880.01	3.96%	7,299,345

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-16	\$ 1,786,769.08	\$5,066.79	\$(99,170.02)	\$ 1,692,665.85	3.50%	
14	Dec-16	\$ 1,692,665.85	\$4,683.04	\$(174,104.37)	\$ 1,523,244.52	3.50%	
15	Jan-17	\$ 1,523,244.52	\$4,175.78	\$(183,098.51)	\$ 1,344,321.79	3.50%	
16	Feb-17	\$ 1,344,321.79	\$3,696.65	\$(153,801.01)	\$ 1,194,217.43	3.50%	
17	Mar-17	\$ 1,194,217.43	\$3,309.17	\$(119,291.86)	\$ 1,078,234.74	3.50%	
18	Apr-17	\$ 1,078,234.74	\$3,199.71	\$(86,574.84)	\$ 994,859.61	3.71%	
19	May-17	\$ 994,859.61	\$2,991.07	\$(54,793.82)	\$ 943,056.86	3.71%	
20	Jun-17	\$ 943,056.86	\$2,848.31	\$(43,542.04)	\$ 902,363.13	3.71%	
21	Jul-17	\$ 902,363.13	\$2,920.74	\$(34,581.35)	\$ 870,702.52	3.96%	
22	Aug-17	\$ 870,702.52	\$2,807.62	\$(39,814.62)	\$ 833,695.52	3.96%	1,981,813
23	Sep-17	\$ 833,695.52	\$2,676.19	\$(45,459.99)	\$ 790,911.72	3.96%	2,262,817
24	Oct-17	\$ 790,911.72	\$2,455.51	\$(93,635.94)	\$ 699,731.29	3.96%	4,660,824

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2016 Deferrals

2016 Commission Basis Earnings Test for Decoupling

Line No.		Natural Gas
1	Rate Base	\$ 286,597,000
2	Net Income	\$ 24,524,000
3	Calculated ROR	8.56%
4	Base ROR	7.29%
5	Excess ROR	1.27%
6	Excess Earnings	\$ 3,628,723
7	Conversion Factor	0.619798
8	Excess Revenue (Excess Earnings/CF)	\$ 5,854,687
9	Sharing %	50%
10	2016 Total Earnings Test Sharing	\$ 2,927,343

Revenue From 2016 Normalized Loads and Customers at Present Billing Rates

11	Residential Revenue	\$ 110,176,000	76.15%
12	Non-Residential Revenue	\$ 34,499,000	23.85%
13	Total Normalized Revenue	\$ 144,675,000	100.00%

	Earnings Test Sharing Adjustment	Gross Revenue Adjustment	Net of Revenue Related
14	Residential	\$ 2,229,293	\$ 2,125,710
15	Non-Residential	\$ 698,050	\$ 665,616
16	Total	<u>\$ 2,927,343</u>	<u>\$ 2,791,326</u>

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2016 Deferrals

3% Incremental Surcharge Test

Line No.		Residential	Non-Residential
1	Revenue From 2016 Normalized Loads and Customers at Present Billing Rates (Note 1)	\$ 110,176,000	\$ 34,499,000
2	November 2017 - October 2018 Usage	124,577,619	56,682,411
3	Proposed Decoupling Recovery Rates	\$0.06157	\$0.03904
4	Present Decoupling Surcharge Recovery Rates	\$0.02927	\$0.02108
5	Incremental Decoupling Recovery Rates	\$0.03230	\$0.01796
6	Incremental Decoupling Recovery	\$ 4,023,857	\$ 1,018,016
7	Incremental Surcharge %	3.65%	2.95%
8	3% Test Adjustment (1)	\$ (718,577)	\$ -
9	3% Test Rate Adjustment	-\$0.00577	\$0.00000
10	Adjusted Proposed Decoupling Recovery Rates	\$0.05580	\$0.03904
11	Adjusted Incremental Decoupling Recovery	\$ 3,305,044	\$ 1,018,016
12	Adjusted Incremental Surcharge %	3.00%	2.95%

Notes

(1) 2016 Normalized Revenue derived from UG-170486 Revenue Model with billed rates adjusted to reflect August 1, 2017 present rates.

(2) 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, 2016

Line No.	Description	Factor
1	Revenues	1.000000
	Expense:	
2	Uncollectibles	0.006183
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038282
5	Total Expense	<u>0.046465</u>
6	Net Operating Income Before FIT	0.953535
7	Federal Income Tax @ 35%	0.333737
8	REVENUE CONVERSION FACTOR	<u><u>0.619798</u></u>
9	Gross Up Factor	1.048729

2016 Commission Basis Conversion Factor with Uncollectible Service Correction

Avista Utilities
Washington Jurisdiction
2017 Decoupling Schedule 175 Filing
Natural Gas

Type of Service	Schedule Number	Decoupling Billing Determinants	Present Decoupling Rate	Present Decoupling Revenue	Proposed Decoupling Increase	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	124,577,619	\$ 0.02927	\$ 3,646,387	\$ 3,305,044	\$ 6,951,431	\$ 0.05580	\$ 0.02653	\$ 110,176,000	3.00%
Large General Service	111	52,840,570	\$ 0.02108	\$ 1,113,879	\$ 949,017	\$ 2,062,896	\$ 0.03904	\$ 0.01796	\$ 32,279,000	2.94%
Large General Service	112	N/A								
High Annual Load Factor Large General Service	121	3,841,850	\$ 0.02108	\$ 80,986	\$ 69,000	\$ 149,986	\$ 0.03904	\$ 0.01796	\$ 2,220,000	3.11%
High Annual Load Factor Large General Service	122	N/A							\$ 365,000	0.00%
Interruptible Service	131	0	\$ 0.02108	\$ -	\$ -	\$ -	\$ 0.03904	\$ 0.01796	\$ -	0.00%
Interruptible Service	132	N/A							\$ 512,000	0.00%
Transportation Service	146	N/A							\$ 2,970,000	0.00%
Special Contract Transportation Service	148	N/A							\$ 1,612,000	0.00%
Total		181,260,039		\$ 4,841,252	\$ 4,323,060	\$ 9,164,313			\$ 150,134,000	2.88%
Non-Residential Group Subtotal		56,682,420		\$ 1,194,865	\$ 1,018,016	\$ 2,212,882			\$ 34,499,000	2.95%
Schedule 122 Exclusion from 2016 Normalized 121/122 Revenue				Average Residential Bill			@65 therms			
Customer Bills	24	\$252.28	\$6,054.72	Basic Charge		\$9.00	\$9.00			
Block 1	12,000	\$0.40121	\$4,814.52	First 70 therms		\$0.74355	\$48.33			
Block 2	12,000	\$0.75791	\$9,094.92	Next 70 therms		\$0.85949	\$0.00			
Block 3	192,536	\$0.67518	\$129,996.46	Residential Bill at 8/1/2017 rates			\$57.33			
Block 4	198,442	\$0.62323	\$123,675.01	Proposed rate change		\$ 0.02653	\$1.72			
Block 5	166,409	\$0.54846	\$91,268.68	Residential Bill at Proposed rates			\$59.05			
Total	581,387		\$364,904.31	Proposed Percent Increase			3.00%			