

AVISTA UTILITIES
2018
Washington Natural Gas
Schedule 175
Annual Decoupling Rate Adjustment Filing

ATTACHMENT A

Rate Calculation for
November 1, 2018 – October 31, 2019

August 17, 2018

Avista Utilities
Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates
Effective November 1, 2018 - October 31, 2019

Residential Natural Gas

Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		-0.02556	4.69%	
2	Oct-18	(\$3,234,292)		
3	Nov-18	(\$2,852,854)	(\$11,872)	15,387,692
4	Dec-18	(\$2,275,552)	(\$10,002)	22,977,493
5	Jan-19	(\$1,706,368)	(\$7,766)	22,572,393
6	Feb-19	(\$1,250,909)	(\$5,768)	18,044,864
7	Mar-19	(\$872,421)	(\$4,141)	14,969,819
8	Apr-19	(\$633,784)	(\$2,938)	9,451,270
9	May-19	(\$507,430)	(\$2,226)	5,030,518
10	Jun-19	(\$436,519)	(\$1,841)	2,846,317
11	Jul-19	(\$382,283)	(\$1,597)	2,184,405
12	Aug-19	(\$320,274)	(\$1,370)	2,479,638
13	Sep-19	(\$256,790)	(\$1,125)	2,527,740
14	Oct-19	(\$51,461)	(\$601)	8,056,748
15	Annual Total		(\$51,248)	126,528,897
16	Incremental Rate to Recover Estimated Interest		(\$0.00041)	
17	Estimated Rate to Recover Deferral Balance		(\$0.02556)	
18	Rate before Gross-up for Revenue-related items		(\$0.02597)	
19	Times: Gross-up for Revenue-related items (3)		1.047492	
20	Preliminary Proposed Decoupling Rate		(\$0.02720)	
21	3% Test Rate Adjustment (4)		\$0.00000	
22	Final Proposed Decoupling Rate		(\$0.02720)	Rebate Rate
23	Adjusted for Revenue Related Expenses		(\$0.02597)	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 -\$0.02556 to recover the October 2018 balance of -\$3,234,292 over 12 months. See page 2 and 5 of Attachment A for October 2018 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) 2017 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 2019

Line No.		Ending Balance	Interest	Amortization	Interest Rate
1	Dec-17	(\$1,972,082)			
2	Earnings Sharing Adjustment	(\$1,913,898)			
3	Adjusted December Balance	(\$3,885,980)			
4	Jan-18	(\$3,899,743)	(\$13,763)		4.25%
5	Feb-18	(\$3,913,554)	(\$13,812)		4.25%
6	Mar-18	(\$3,927,415)	(\$13,861)		4.25%
7	Apr-18	(\$3,942,045)	(\$14,630)		4.47%
8	May-18	(\$3,956,729)	(\$14,684)		4.47%
9	Jun-18	(\$3,971,468)	(\$14,739)		4.47%
10	Jul-18	(\$3,986,989)	(\$15,522)		4.69%
11	Aug-18	(\$4,002,572)	(\$15,582)		4.69%
12	Sep-18	(\$4,018,215)	(\$15,643)		4.69%
13	Oct-18	(\$4,033,920)	(\$15,705)		4.69%
14	Prior Year Carryover Balance	\$ 799,628			4.69%
15	Nov-18	(\$2,846,533)	(\$11,860)	(\$399,618)	4.69%
16	Dec-18	(\$2,259,767)	(\$9,959)	(\$596,726)	4.69%
17	Jan-19	(\$1,681,248)	(\$7,686)	(\$586,205)	4.69%
18	Feb-19	(\$1,218,278)	(\$5,655)	(\$468,625)	4.69%
19	Mar-19	(\$833,513)	(\$4,002)	(\$388,766)	4.69%
20	Apr-19	(\$590,842)	(\$2,778)	(\$245,449)	4.69%
21	May-19	(\$462,253)	(\$2,054)	(\$130,643)	4.69%
22	Jun-19	(\$389,997)	(\$1,662)	(\$73,919)	4.69%
23	Jul-19	(\$334,681)	(\$1,413)	(\$56,729)	4.69%
24	Aug-19	(\$271,467)	(\$1,182)	(\$64,396)	4.69%
25	Sep-19	(\$206,754)	(\$933)	(\$65,645)	4.69%
26	Oct-19	\$2,080	(\$399)	(\$209,234)	4.69%
27	Total		(\$197,523)	(\$3,285,955)	

Summary

28	2017 Deferred Revenue	(\$1,972,082)
29	Less Earnings Sharing	(\$1,913,898)
30	Add Prior Year Carryover Balance	\$799,628
31	Add Interest through 10/31/2019	(\$197,523)
32	Add Revenue Related Expense Adj.	(\$157,711)
33	Total Requested Recovery	(\$3,441,586)
34	Customer Rebate Revenue	(\$3,441,586)
35	Carryover Deferred Revenue	\$0

Avista Utilities
Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates
Effective November 1, 2018 - October 31, 2019

Non-Residential Natural Gas

Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.00648	4.69%	
2	Oct-18	\$382,089		
3	Nov-18	\$334,093	\$1,397	7,622,341
4	Dec-18	\$275,589	\$1,189	9,211,993
5	Jan-19	\$215,280	\$957	9,454,707
6	Feb-19	\$170,221	\$752	7,069,499
7	Mar-19	\$129,245	\$584	6,413,612
8	Apr-19	\$103,260	\$453	4,080,072
9	May-19	\$87,233	\$372	2,530,550
10	Jun-19	\$76,157	\$319	1,758,394
11	Jul-19	\$64,195	\$274	1,888,355
12	Aug-19	\$53,943	\$230	1,617,648
13	Sep-19	\$37,958	\$179	2,494,380
14	Oct-19	\$6,535	\$87	4,862,625
15	Annual Total		\$6,793	59,004,176
16	Incremental Rate to Recover Estimated Interest		\$0.00012	
17	Estimated Rate to Recover Deferral Balance		\$0.00648	
18	Rate before Gross-up for Revenue-related items		\$0.00660	
19	Times: Gross-up for Revenue-related items (3)		1.047492	
20	Preliminary Proposed Decoupling Rate		\$0.00691	
21	3% Test Rate Adjustment (4)		\$0.00000	
22	Final Proposed Decoupling Rate		\$0.00691	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.00660	Amortization Rate
24	Estimated Carryover Balance (5)		\$0	

Notes Notes

- (1) Deferral balance at the end of the month, Rate of \$0.00648 to recover the October 2018 balance of \$382,089 over 12 months. See page 4 and 5 of Attachment A for October 2018 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) 2017 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 2019

Line No.		Ending Balance	Interest	Amortization	Interest Rate
1	Dec-17	\$840,286			
2	Earnings Sharing Adjustment	(\$568,113)			
3	Adjusted December Balance	\$272,173			
4	Jan-18	\$273,137	\$964		4.25%
5	Feb-18	\$274,104	\$967		4.25%
6	Mar-18	\$275,075	\$971		4.25%
7	Apr-18	\$276,100	\$1,025		4.47%
8	May-18	\$277,128	\$1,028		4.47%
9	Jun-18	\$278,161	\$1,032		4.47%
10	Jul-18	\$279,248	\$1,087		4.69%
11	Aug-18	\$280,339	\$1,091		4.69%
12	Sep-18	\$281,435	\$1,096		4.69%
13	Oct-18	\$282,535	\$1,100		4.69%
14	Prior Year Residual Balance	\$ 99,555			4.69%
15	Nov-18	\$333,177	\$1,395	\$50,307	4.69%
16	Dec-18	\$273,561	\$1,183	\$60,799	4.69%
17	Jan-19	\$212,107	\$947	\$62,401	4.69%
18	Feb-19	\$166,186	\$738	\$46,659	4.69%
19	Mar-19	\$124,423	\$567	\$42,330	4.69%
20	Apr-19	\$97,929	\$434	\$26,928	4.69%
21	May-19	\$81,577	\$350	\$16,702	4.69%
22	Jun-19	\$70,268	\$296	\$11,605	4.69%
23	Jul-19	\$58,055	\$250	\$12,463	4.69%
24	Aug-19	\$47,584	\$206	\$10,676	4.69%
25	Sep-19	\$31,275	\$154	\$16,463	4.69%
26	Oct-19	(\$758)	\$60	\$32,093	4.69%
27	Total		\$16,941	\$389,428	

Summary

28	2017 Deferred Revenue	\$840,286
29	Less Earnings Sharing	(\$568,113)
30	Add Prior Year Residual Balance	\$ 99,555
31	Add Interest through 10/31/2019	\$16,941
32	Add Revenue Related Expense Adj.	\$19,050
33	Total Requested Recovery	\$407,719
34	Customer Surcharge Revenue	\$407,719
35	Carryover Deferred Revenue	\$0

Avista Utilities
Decoupling Mechanism Prior Surcharge or Rebate Amortization
Effective November 1, 2017 - October 31, 2018
Docket No. UG-170942

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-17	\$ 7,164,150.81	\$23,798.82	\$ (761,276.07)	\$ 6,426,673.56	4.21%	
2	Dec-17	\$ 6,426,673.56	\$20,424.89	\$ (1,209,703.24)	\$ 5,237,395.21	4.21%	
3	Jan-18	\$ 5,237,395.21	\$16,638.24	\$ (1,079,079.87)	\$ 4,174,953.58	4.25%	
4	Feb-18	\$ 4,174,953.58	\$13,071.35	\$ (968,441.65)	\$ 3,219,583.28	4.25%	
5	Mar-18	\$ 3,219,583.28	\$9,914.69	\$ (840,281.22)	\$ 2,389,216.75	4.25%	
6	Apr-18	\$ 2,389,216.75	\$7,931.47	\$ (519,927.49)	\$ 1,877,220.73	4.47%	
7	May-18	\$ 1,877,220.73	\$6,666.51	\$ (175,109.62)	\$ 1,708,777.62	4.47%	
8	Jun-18	\$ 1,708,777.62	\$6,104.19	\$ (140,136.91)	\$ 1,574,744.90	4.47%	
9	Jul-18	\$ 1,574,744.90	\$5,915.85	\$ (122,187.47)	\$ 1,458,473.28	4.69%	
10	Aug-18	\$ 1,458,473.28	\$5,507.58	\$ (98,566.84)	\$ 1,365,414.02	4.69%	1,852,412
11	Sep-18	\$ 1,365,414.02	\$5,014.25	\$ (164,900.09)	\$ 1,205,528.18	4.69%	3,099,043
12	Oct-18	\$ 1,205,528.18	\$3,910.77	\$ (409,810.82)	\$ 799,628.13	4.69%	7,701,763

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-17	\$ 2,094,344.49	\$6,969.22	\$ (215,735.91)	\$ 1,885,577.80	4.21%	
14	Dec-17	\$ 1,885,577.80	\$6,084.19	\$ (302,733.51)	\$ 1,588,928.48	4.21%	
15	Jan-18	\$ 1,588,928.48	\$5,166.44	\$ (260,338.40)	\$ 1,333,756.52	4.25%	
16	Feb-18	\$ 1,333,756.52	\$4,219.33	\$ (284,834.72)	\$ 1,053,141.13	4.25%	
17	Mar-18	\$ 1,053,141.13	\$3,337.69	\$ (221,468.03)	\$ 835,010.79	4.25%	
18	Apr-18	\$ 835,010.79	\$2,793.38	\$ (170,219.57)	\$ 667,584.60	4.47%	
19	May-18	\$ 667,584.60	\$2,317.25	\$ (91,009.00)	\$ 578,892.85	4.47%	
20	Jun-18	\$ 578,892.85	\$2,001.25	\$ (83,289.35)	\$ 497,604.75	4.47%	
21	Jul-18	\$ 497,604.75	\$1,818.73	\$ (64,516.73)	\$ 434,906.75	4.69%	
22	Aug-18	\$ 434,906.75	\$1,540.95	\$ (81,269.57)	\$ 355,178.13	4.69%	2,182,906
23	Sep-18	\$ 355,178.13	\$1,252.05	\$ (69,645.93)	\$ 286,784.25	4.69%	1,870,694
24	Oct-18	\$ 286,784.25	\$753.50	\$ (187,983.13)	\$ 99,554.62	4.69%	5,049,238

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2017 Deferrals

2017 Commission Basis Earnings Test for Decoupling

Line No.		Natural Gas
1	Rate Base	\$ 313,174,000
2	Net Income	\$ 26,057,000
3	Calculated ROR	8.32%
4	Base ROR	7.29%
5	Excess ROR	1.03%
6	Excess Earnings	\$ 3,226,615
7	Conversion Factor	0.620530
8	Excess Revenue (Excess Earnings/CF)	\$ 5,199,773
9	Sharing %	50%
10	2017 Total Earnings Test Sharing	\$ 2,599,887

Revenue From 2017 Normalized Loads and Customers at Present Billing Rates

11	Residential Revenue	\$ 104,202,001	77.11%
12	Non-Residential Revenue	\$ 30,930,843	22.89%
13	Total Normalized Revenue	\$ 135,132,844	100.00%

		Gross Revenue Adjustment	Net of Revenue Related Expenses
14	Residential	\$ 2,004,793	\$ 1,913,898
15	Non-Residential	\$ 595,094	\$ 568,113
16	Total	\$ 2,599,887	\$ 2,482,011

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2017 Deferrals

3% Incremental Surcharge Test

Line No.		Residential	Non-Residential
1	Revenue From 2017 Normalized Loads and Customers at Present Billing Rates (Note 1)	\$ 104,202,001	\$ 30,930,843
2	November 2018 - October 2019 Usage	126,528,897	59,004,176
3	Proposed Decoupling Recovery Rates	-\$0.02720	\$0.00691
4	Present Decoupling Surcharge Recovery Rates	\$0.05580	\$0.03904
5	Incremental Decoupling Recovery Rates	-\$0.08300	-\$0.03213
6	Incremental Decoupling Recovery	\$ (10,501,898)	\$ (1,895,804)
7	Incremental Surcharge %	-10.08%	-6.13%
8	3% Test Adjustment (2)	\$ -	\$ -
9	3% Test Rate Adjustment	\$0.00000	\$0.00000
10	Adjusted Proposed Decoupling Recovery Rates	-\$0.02720	\$0.00691
11	Adjusted Incremental Decoupling Recovery	\$ (10,501,898)	\$ (1,895,804)
12	Adjusted Incremental Surcharge %	-10.08%	-6.13%

Notes

(1) Revenue from 2017 normalized loads and customers at present billing rates effective since June 1, 2018.

(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, 2017

<u>Line No.</u>	<u>Description</u>	<u>Factor</u>
1	Revenues	1.000000
	Expense:	
2	Uncollectibles	0.005012
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038327
5	Total Expense	<u>0.045339</u>
6	Net Operating Income Before FIT	0.954661
7	Federal Income Tax @ 35%	0.334131
8	REVENUE CONVERSION FACTOR	<u><u>0.620530</u></u>
9	Gross Up Factor	1.047492

2017 Commission Basis Conversion Factor

Avista Utilities
Washington Jurisdiction
2018 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	126,528,897	\$ 0.05580	\$ 7,060,312	\$ (10,501,898)	\$ (3,441,586)	\$ (0.02720)	\$ (0.08300)	\$ 104,202,001	-10.08%
Large General Service	111	54,622,969	\$ 0.03904	\$ 2,132,481	\$ (1,755,036)	\$ 377,445	\$ 0.00691	\$ (0.03213)	\$ 28,809,809	-6.09%
Large General Service	112	N/A							\$ 98,278	0.00%
High Annual Load Factor Large General Service	121	4,381,207	\$ 0.03904	\$ 171,042	\$ (140,768)	\$ 30,274	\$ 0.00691	\$ (0.03213)	\$ 2,121,034	-6.64%
High Annual Load Factor Large General Service	122	N/A							\$ 179,636	0.00%
Interruptible Service	131	0	\$ 0.03904	\$ -	\$ -	\$ -	\$ 0.00691	\$ (0.03213)	\$ -	0.00%
Interruptible Service	132	N/A							\$ 455,758	0.00%
Transportation Service	146	N/A							\$ 3,175,045	0.00%
Special Contract Transportation Service	148	N/A							\$ 1,330,027	0.00%
Total		185,533,073		\$ 9,363,835	\$ (12,397,703)	\$ (3,033,867)			\$ 140,371,588	-8.83%
Non-Residential Group Subtotal		59,004,176		\$ 2,303,523	\$ (1,895,804)	\$ 407,719			\$ 30,930,843	-6.13%

Schedule 112 Exclusion from 2017 Normalized 111/112 Revenue				Average Residential Bill @65 therms	
Customer Bills	13	\$97.25	\$1,264.25	Basic Charge	\$9.50
Block 1	2,600	\$0.29549	\$768.27	First 70 therms	\$0.63319
Block 2	10,400	\$0.62903	\$6,541.91	Next 70 therms	\$0.74325
Block 3	148,869	\$0.54973	\$81,837.76	Residential Bill at 6/1/2018 rates	\$50.66
Total Billed	161,869		\$90,412.19	Proposed rate change \$ (0.08300)	(\$5.40)
Unbilled	14,283	\$0.55074	\$7,866.22	Residential Bill at Proposed rates	\$45.26
Total	176,152		\$98,278.41	Proposed Percent Decrease	-10.66%

Schedule 122 Exclusion from 2017 Normalized 121/122 Revenue			
Customer Bills	11	\$240.44	\$2,644.84
Block 1	5,500	\$0.30313	\$1,667.22
Block 2	5,500	\$0.65163	\$3,583.97
Block 3	99,000	\$0.57080	\$56,509.20
Block 4	140,574	\$0.52005	\$73,105.32
Block 5	94,239	\$0.44700	\$42,124.88
Total	344,813		\$179,635.43
Annualized Sch 122	369,498		