

**AVISTA UTILITIES**  
2019  
Washington Electric  
Schedule 75  
Annual Decoupling Rate Adjustment Filing

**ATTACHMENT A**

Rate Calculation for  
November 1, 2019 – October 31, 2020

August 22, 2019

**Avista Utilities**  
**Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates**  
**Effective November 1, 2019 - October 31, 2020**

**Residential Electric**

Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.00378	5.50%	
2	Oct-19	\$8,972,850		
3	Nov-19	\$8,178,517	\$39,215	220,515,611
4	Dec-19	\$7,168,060	\$35,089	276,599,222
5	Jan-20	\$6,187,138	\$30,536	267,581,457
6	Feb-20	\$5,392,069	\$26,475	217,339,751
7	Mar-20	\$4,607,105	\$22,862	213,710,584
8	Apr-20	\$3,972,675	\$19,617	173,028,346
9	May-20	\$3,401,465	\$16,860	155,574,210
10	Jun-20	\$2,835,145	\$14,260	153,592,351
11	Jul-20	\$2,133,951	\$11,361	188,506,971
12	Aug-20	\$1,444,776	\$8,182	184,485,939
13	Sep-20	\$873,575	\$5,301	152,513,679
14	Oct-20	\$226,051	\$2,514	171,967,870
15	Annual Total		\$232,273	2,375,415,992
16	Incremental Rate to Recover Estimated Interest		\$0.00010	
17	Estimated Rate to Recover Deferral Balance		\$0.00378	
18	Rate before Gross-up for Revenue-related items		\$0.00388	
19	Times: Gross-up for Revenue-related items (3)		1.046429	
20	Preliminary Proposed Decoupling Rate		\$0.00406	
21	3% Test Rate Adjustment (4)		(\$0.00127)	
22	Final Proposed Decoupling Rate		\$0.00279	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.00267	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		\$2,943,184	

Notes

- (1) Deferral balance at the end of the month, Rate of \$0.00378 to recover the October 2019 balance of \$8,972,850 over 12 months. See page 2 and 5 of Attachment A for October 2019 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) 2018 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.

**Avista Utilities**  
**Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates**  
**Effective November 1, 2019 - October 31, 2020**

**Residential Electric**

**Calculate Estimated Monthly Balances through October 2020**

Line No.		Ending Balance	Interest	Amortization	Interest Rate
1		Dec-18	\$8,620,259		
2	Earnings Sharing Adjustment		\$0		
3	Adjusted December Balance		\$8,620,259		
4		Jan-19	\$8,657,470	\$37,211	5.18%
5		Feb-19	\$8,694,841	\$37,371	5.18%
6		Mar-19	\$8,732,374	\$37,533	5.18%
7		Apr-19	\$8,772,034	\$39,660	5.45%
8		May-19	\$8,811,873	\$39,840	5.45%
9		Jun-19	\$8,851,894	\$40,021	5.45%
10		Jul-19	\$8,892,465	\$40,571	5.50%
11		Aug-19	\$8,933,222	\$40,757	5.50%
12		Sep-19	\$8,974,166	\$40,944	5.50%
13		<b>Oct-19</b>	<b>\$9,015,298</b>	<b>\$41,132</b>	<b>5.50%</b>
14	<b>Prior Year Residual Balance</b>		<b>(\$42,448)</b>		
15		Nov-19	\$8,423,850	\$39,776	\$588,777 5.50%
16		Dec-19	\$7,722,247	\$36,917	\$738,520 5.50%
17		Jan-20	\$7,041,561	\$33,756	\$714,442 5.50%
18		Feb-20	\$6,492,207	\$30,944	\$580,297 5.50%
19		Mar-20	\$5,950,048	\$28,448	\$570,607 5.50%
20		Apr-20	\$5,514,275	\$26,212	\$461,986 5.50%
21		May-20	\$5,123,214	\$24,322	\$415,383 5.50%
22		Jun-20	\$4,735,664	\$22,542	\$410,092 5.50%
23		Jul-20	\$4,252,902	\$20,552	\$503,314 5.50%
24		Aug-20	\$3,778,688	\$18,364	\$492,577 5.50%
25		Sep-20	\$3,387,862	\$16,386	\$407,212 5.50%
26		<b>Oct-20</b>	<b>\$2,943,184</b>	<b>\$14,475</b>	<b>\$459,154 5.50%</b>
27		Total		\$707,733	\$6,342,361

**Summary**

28	2018 Deferred Revenue	\$8,620,259
29	Less Earnings Sharing	\$0
30	Add Prior Year Residual Balance	(\$42,448)
31	Add Interest through 10/31/2020	\$707,733
32	Add Revenue Related Expense Adj.	\$285,050
33	Total Requested Recovery	\$9,570,594
34	Customer Surcharge Revenue	\$6,627,411
35	Carryover Deferred Revenue	\$2,943,184

**Avista Utilities**  
**Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates**  
**Effective November 1, 2019 - October 31, 2020**

**Non-Residential Electric**

Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.00342	5.50%	
2	Oct-19	\$7,401,389		
3	Nov-19	\$6,831,267	\$32,542	176,217,476
4	Dec-19	\$6,207,831	\$29,813	191,008,537
5	Jan-20	\$5,593,245	\$26,982	187,592,947
6	Feb-20	\$5,061,107	\$24,360	162,719,024
7	Mar-20	\$4,494,030	\$21,847	172,199,862
8	Apr-20	\$3,961,100	\$19,332	161,480,357
9	May-20	\$3,399,281	\$16,829	169,195,152
10	Jun-20	\$2,802,418	\$14,180	178,667,637
11	Jul-20	\$2,100,623	\$11,210	208,481,020
12	Aug-20	\$1,413,069	\$8,034	203,388,152
13	Sep-20	\$823,907	\$5,115	173,765,209
14	Oct-20	\$220,896	\$2,389	177,017,432
15	Annual Total		\$212,633	2,161,732,804
16	Incremental Rate to Recover Estimated Interest		\$0.00010	
17	Estimated Rate to Recover Deferral Balance		\$0.00342	
18	Rate before Gross-up for Revenue-related items		\$0.00352	
19	Times: Gross-up for Revenue-related items (3)		1.046429	
20	Preliminary Proposed Decoupling Rate		\$0.00368	
21	3% Test Rate Adjustment (4)		(\$0.00003)	
22	Final Proposed Decoupling Rate		\$0.00365	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.00349	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		\$65,382	

Notes

- (1) Deferral balance at the end of the month, Rate of \$0.00342 to recover the October 2019 balance of \$7,401,389 over 12 months. See page 4 and 5 of Attachment A for October 2019 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) 2018 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.

**Avista Utilities**  
**Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates**  
**Effective November 1, 2019 - October 31, 2020**

**Non-Residential Electric**

**Calculate Estimated Monthly Balances through October 2020**

Line No.		Ending Balance	Interest	Amortization	Interest Rate
1	Dec-18	\$7,051,825			
2	Earnings Sharing Adjustment	\$0			
3	Adjusted December Balance	\$7,051,825			
4	Jan-19	\$7,082,265	\$30,440		5.18%
5	Feb-19	\$7,112,837	\$30,572		5.18%
6	Mar-19	\$7,143,541	\$30,704		5.18%
7	Apr-19	\$7,175,984	\$32,444		5.45%
8	May-19	\$7,208,575	\$32,591		5.45%
9	Jun-19	\$7,241,314	\$32,739		5.45%
10	Jul-19	\$7,274,504	\$33,189		5.50%
11	Aug-19	\$7,307,845	\$33,341		5.50%
12	Sep-19	\$7,341,339	\$33,494		5.50%
13	<b>Oct-19</b>	<b>\$7,374,987</b>	<b>\$33,648</b>		<b>5.50%</b>
14	<b>Prior Year Residual Balance</b>	<b>\$26,402</b>			
15	Nov-19	\$6,818,904	\$32,514	\$614,999	5.50%
16	Dec-19	\$6,182,010	\$29,726	\$666,620	5.50%
17	Jan-20	\$5,554,144	\$26,834	\$654,699	5.50%
18	Feb-20	\$5,010,410	\$24,155	\$567,889	5.50%
19	Mar-20	\$4,431,019	\$21,587	\$600,978	5.50%
20	Apr-20	\$3,886,470	\$19,017	\$563,566	5.50%
21	May-20	\$3,312,439	\$16,460	\$590,491	5.50%
22	Jun-20	\$2,702,642	\$13,753	\$623,550	5.50%
23	Jul-20	\$1,985,763	\$10,720	\$727,599	5.50%
24	Aug-20	\$1,283,413	\$7,475	\$709,825	5.50%
25	Sep-20	\$681,465	\$4,493	\$606,441	5.50%
26	<b>Oct-20</b>	<b>\$65,382</b>	<b>\$1,708</b>	<b>\$617,791</b>	<b>5.50%</b>
27	Total		\$531,602	\$7,544,447	

**Summary**

28	2018 Deferred Revenue	\$7,051,825
29	Less Earnings Sharing	\$0
30	Add Prior Year Residual Balance	\$26,402
31	Add Interest through 10/31/2020	\$531,602
32	Add Revenue Related Expense Adj.	\$345,877
33	Total Requested Recovery	\$7,955,706
34	Customer Surcharge Revenue	\$7,890,325
35	Carryover Deferred Revenue	\$65,382

**Avista Utilities**  
**Decoupling Mechanism Prior Surcharge or Rebate Amortization**  
**Effective November 1, 2018 - October 31, 2019**  
**Docket No. UE-180702**

**Residential Electric Surcharge**

Line No.	Date	Regulatory Asset Beginning Balance	Interest	Amortization	Regulatory Asset Ending Balance	Interest Rate	Aug - Oct Forecast Usage
1	Nov-18	\$ (2,517,106.19)	(\$10,155.37)	\$ 120,323.53	\$ (2,406,938.03)	4.96%	
2	Dec-18	\$ (2,406,938.03)	(\$9,368.51)	\$ 280,725.71	\$ (2,135,580.83)	4.96%	
3	Jan-19	\$ (2,135,580.83)	(\$8,579.09)	\$ 296,292.27	\$ (1,847,867.65)	5.18%	
4	Feb-19	\$ (1,847,867.65)	(\$7,389.21)	\$ 272,162.63	\$ (1,583,094.23)	5.18%	
5	Mar-19	\$ (1,583,094.23)	(\$6,233.22)	\$ 278,208.34	\$ (1,311,119.11)	5.18%	
6	Apr-19	\$ (1,311,119.11)	(\$5,538.28)	\$ 183,363.54	\$ (1,133,293.85)	5.45%	
7	May-19	\$ (1,133,293.85)	(\$4,752.51)	\$ 173,738.53	\$ (964,307.83)	5.45%	
8	Jun-19	\$ (964,307.83)	(\$3,996.15)	\$ 168,844.84	\$ (799,459.14)	5.45%	
9	Jul-19	\$ (799,459.14)	(\$3,209.82)	\$ 198,271.23	\$ (604,397.73)	5.50%	
10	Aug-19	\$ (604,397.73)	(\$2,292.57)	\$ 208,399.80	\$ (398,290.50)	5.50%	187,578,577
11	Sep-19	\$ (398,290.50)	(\$1,441.26)	\$ 167,667.50	\$ (232,064.26)	5.50%	150,915,838
12	Oct-19	\$ (232,064.26)	(\$627.65)	\$ 190,244.29	\$ (42,447.62)	5.50%	171,236,986

**Non-Residential Electric Surcharge**

Line No.	Date	Regulatory Asset Beginning Balance	Interest	Amortization	Regulatory Asset Ending Balance	Interest Rate	Aug - Oct Forecast Usage
13	Nov-18	\$ 1,100,535.98	\$4,363.48	\$ (89,711.35)	\$ 1,015,188.11	4.96%	
14	Dec-18	\$ 1,015,188.11	\$4,015.28	\$ (87,496.59)	\$ 931,706.80	4.96%	
15	Jan-19	\$ 931,706.80	\$3,823.10	\$ (92,094.86)	\$ 843,435.04	5.18%	
16	Feb-19	\$ 843,435.04	\$3,445.57	\$ (90,469.13)	\$ 756,411.48	5.18%	
17	Mar-19	\$ 756,411.48	\$3,077.20	\$ (87,094.82)	\$ 672,393.86	5.18%	
18	Apr-19	\$ 672,393.86	\$2,865.04	\$ (83,119.77)	\$ 592,139.13	5.45%	
19	May-19	\$ 592,139.13	\$2,486.20	\$ (89,439.00)	\$ 505,186.33	5.45%	
20	Jun-19	\$ 505,186.33	\$2,078.97	\$ (94,862.65)	\$ 412,402.65	5.45%	
21	Jul-19	\$ 412,402.65	\$1,655.85	\$ (102,253.37)	\$ 311,805.13	5.50%	
22	Aug-19	\$ 311,805.13	\$1,184.08	\$ (106,918.79)	\$ 206,070.42	5.50%	205,613,054
23	Sep-19	\$ 206,070.42	\$738.14	\$ (90,042.59)	\$ 116,765.97	5.50%	173,158,831
24	Oct-19	\$ 116,765.97	\$327.34	\$ (90,691.54)	\$ 26,401.77	5.50%	174,406,803

**Avista Utilities**  
**Decoupling Mechanism Earnings Test and 3% Test**  
**2018 Washington Electric Deferrals**

**2018 Commission Basis Earnings Test for Decoupling**

Line No.		Electric
1	Rate Base	\$ 1,574,934,000
2	Net Income	\$ 112,863,000
3	Calculated ROR	7.17%
4	Base ROR	7.43%
	Pro-rated	
5	Excess ROR	-0.26%
6	Excess Earnings	\$ -
7	Conversion Factor	0.754948
8	Excess Revenue (Excess Earnings/CF)	\$ -
9	Sharing %	50%
10	2018 Total Earnings Test Sharing	\$ -

**Revenue From 2018 Normalized Loads and Customers at Present Billing Rates**

11	Residential Revenue	\$ 221,031,323	49.70%
12	Non-Residential Revenue	\$ 223,740,230	50.30%
13	Total Normalized Revenue	\$ 444,771,553	100.00%

	Gross Revenue Adjustment	Net of Revenue Related Expenses
14	Residential	\$ -
15	Non-Residential	\$ -
16	Total	\$ -

**Avista Utilities**  
**Decoupling Mechanism Earnings Test and 3% Test**  
**2018 Washington Electric Deferrals**

<b>3% Incremental Surcharge Test</b>			
Line No.		Residential	Non-Residential
1	Revenue From 2018 Normalized Loads and Customers at Present Billing Rates (Note 1)	\$ 221,031,323	\$ 223,740,230
2	November 2019 - October 2020 Usage (kWhs)	2,375,415,992	2,161,732,804
3	Proposed Decoupling Recovery Rates	\$0.00406	\$0.00368
4	Present Decoupling Surcharge Recovery Rates (Note 2)	\$0.00000	\$0.00054
5	Incremental Decoupling Recovery Rates	\$0.00406	\$0.00314
6	Incremental Decoupling Recovery	\$ 9,644,189	\$ 6,787,841
7	Incremental Surcharge %	<b>4.36%</b>	<b>3.03%</b>
8	3% Test Adjustment (Note 3)	\$ (3,013,249)	\$ (75,634)
9	3% Test Rate Adjustment	-\$0.00127	-\$0.00003
10	Adjusted Proposed Decoupling Recovery Rates	\$0.00279	\$0.00365
11	Adjusted Incremental Decoupling Recovery	\$ 6,627,411	\$ 6,722,989
12	Adjusted Incremental Surcharge %	<b>3.00%</b>	<b>3.00%</b>

Notes

(1) Revenue from 2018 normalized loads and customers at present billing rates effective since August 1, 2019.

(2) As stated on tariff Sheet 75E, the reversal of a rebate rate is not included in the 3% incremental surcharge test. Therefore the Residential Group rebate of -\$0.00116 is \$0.00000 in this incremental rate calculation.

(3) 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 - Electric System**  
**TWELVE MONTHS ENDED December 31, 2018**

<b>Line No.</b>	<b>Description</b>	<b>Factor</b>
1	<b>Revenues</b>	<i>1.000000</i>
	<b>Expense:</b>	
2	Uncollectibles	<i>0.003782</i>
3	Commission Fees	<i>0.002000</i>
4	Washington Excise Tax	<i>0.038587</i>
5	Total Expense	<u><i>0.044369</i></u>
6	Net Operating Income Before FIT	<i>0.955631</i>
7	Federal Income Tax @ 21%	<u><i>0.200683</i></u>
8	<b>REVENUE CONVERSION FACTOR</b>	<u><u><i>0.754948</i></u></u>
9	Gross Up Factor	<b>1.046429</b>

2018 Commission Basis Conversion Factor

**Avista Utilities  
Washington Jurisdiction  
2019 Decoupling Schedule 75 Filing  
Electric Service**

Type of Service	Schedule Number	Decoupling Billing Determinants	Present Decoupling Rate	Present Decoupling Revenue	Proposed Decoupling Inc./((Decr.)	Proposed Decoupling Revenue	Proposed Decoupling Rate	Incremental Rate change	Present Billing Revenue	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)		
<b>Residential</b>	<b>1/2</b>	<b>2,375,415,992</b>	<b>\$ (0.00116)</b>	<b>\$ (2,755,483)</b>	<b>\$ 9,382,893</b>	<b>\$ 6,627,411</b>	<b>\$ 0.00279</b>	<b>\$ 0.00395</b>	<b>\$ 221,031,323</b>	<b>4.25%</b>
General Service	11/12	631,355,654	\$ 0.00054	\$ 340,932	\$ 1,963,516	\$ 2,304,448	\$ 0.00365	\$ 0.00311	\$ 78,865,218	2.49%
Large General Service	21/22	1,387,617,687	\$ 0.00054	\$ 749,314	\$ 4,315,491	\$ 5,064,805	\$ 0.00365	\$ 0.00311	\$ 132,235,187	3.26%
Pumping Service	30/31/32	142,759,463	\$ 0.00054	\$ 77,090	\$ 443,982	\$ 521,072	\$ 0.00365	\$ 0.00311	\$ 12,639,825	3.51%
Extra Large General Service	25	N/A							\$ 69,185,698	0.00%
ST & Area Lighting	41 - 48	N/A							\$ 6,905,051	0.00%
Total		4,537,148,796		\$ (1,588,147)	\$ 16,105,882	\$ 14,517,735			\$ 520,862,302	3.09%
<b>Non-Residential Group Sub-Totals</b>		<b>2,161,732,804</b>		<b>\$ 1,167,336</b>	<b>\$ 6,722,989</b>	<b>\$ 7,890,325</b>			<b>\$ 223,740,230</b>	<b>3.00%</b>

Average Residential Bill		@918 kWhs
Basic Charge	\$9.00	\$9.00
First 800 kWhs	\$0.07749	\$61.99
Next 700 kWhs	\$0.08981	\$10.60
Over 1,500 kWhs	\$0.10492	\$0.00
Residential Bill at 8/1/2019 rates		\$81.59
Proposed rate change	\$ 0.00395	\$3.63
Residential Bill at Proposed rates		\$85.22
Proposed Percent Decrease		4.45%