

ATTACHMENT A

Schedule 175

Annual Natural Gas Decoupling Rate Adjustment

Rate Calculation for
November 1, 2016 – October 31, 2017

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

Line No.	Date	Residential Natural Gas		
		Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.04589	3.50%	
2	Oct-16	\$5,470,378		
3	Nov-16	\$4,812,946	\$14,997	14,326,263
4	Dec-16	\$3,860,515	\$12,649	20,754,658
5	Jan-17	\$2,874,988	\$9,823	21,475,843
6	Feb-17	\$2,072,902	\$7,216	17,478,456
7	Mar-17	\$1,392,959	\$5,054	14,816,804
8	Apr-17	\$986,359	\$3,470	8,860,314
9	May-17	\$760,785	\$2,548	4,915,534
10	Jun-17	\$630,836	\$2,029	2,831,759
11	Jul-17	\$529,529	\$1,692	2,207,594
12	Aug-17	\$438,140	\$1,411	1,991,493
13	Sep-17	\$322,777	\$1,110	2,513,893
14	Oct-17	\$289	\$471	7,027,402
15	Annual Total		\$62,469	119,200,013
16	Incremental Rate to Recover Estimated Interest		\$0.00052	
17	Estimated Rate to Recover Deferral Balance		\$0.04589	
18	Rate before Gross-up for Revenue-related items		\$0.04641	
19	Times: Gross-up for Revenue-related items (3)		1.049318	
20	Preliminary Proposed Decoupling Rate		\$0.04870	
21	3% Test Rate Adjustment (4)		(\$0.01943)	
22	Final Proposed Decoupling Rate		\$0.02927	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.02789	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		\$2,261,112	

Notes Notes

- (1) Deferral balance at the end of the month, Rate of \$0.04589 to recover the October 2016 balance of \$5,470,378 over 12 months. See page 2 of Attachment A for October 2016 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) 2015 Commission Basis conversion factor, see page 7 of Attachment A.
- (4) See pages 5 and 6 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 2017

Line No.		Ending Balance	Interest	Amortization
			3.25% Q1 2016	
			3.46% Q2 2016	
			3.50% Q3 2016	
1	Dec-15	\$5,317,198		
2	Earnings Sharing Adjustment	\$0		
3	Adjusted December Balance	\$5,317,198		
4	Jan-16	\$5,331,599	\$14,401	
5	Feb-16	\$5,346,038	\$14,440	
6	Mar-16	\$5,360,517	\$14,479	
7	Apr-16	\$5,375,974	\$15,456	
8	May-16	\$5,391,474	\$15,501	
9	Jun-16	\$5,407,020	\$15,545	
10	Jul-16	\$5,422,790	\$15,770	
11	Aug-16	\$5,438,607	\$15,816	
12	Sep-16	\$5,454,469	\$15,863	
13	Oct-16	\$5,470,378	\$15,909	
14	Nov-16	\$5,086,191	\$15,373	\$399,559
15	Dec-16	\$4,521,334	\$13,991	\$578,847
16	Jan-17	\$3,934,687	\$12,314	\$598,961
17	Feb-17	\$3,457,978	\$10,765	\$487,474
18	Mar-17	\$3,054,220	\$9,483	\$413,241
19	Apr-17	\$2,815,654	\$8,548	\$247,114
20	May-17	\$2,686,572	\$8,012	\$137,094
21	Jun-17	\$2,615,315	\$7,721	\$78,978
22	Jul-17	\$2,561,284	\$7,538	\$61,570
23	Aug-17	\$2,513,130	\$7,389	\$55,543
24	Sep-17	\$2,450,245	\$7,228	\$70,112
25	Oct-17	\$2,261,112	\$6,861	\$195,994
26	Total		\$268,402	\$3,324,488
Summary				
27	2015 Deferred Revenue	\$5,317,198		
28	Less Earnings Sharing	\$0		
29	Add Interest through 10/31/2017	\$268,402		
30	Add Revenue Related Expense Adj.	\$164,496		
31	Total Requested Recovery	\$5,750,096		
32	Customer Surcharge Revenue	\$3,488,984		
33	Carryover Deferred Revenue	\$2,261,112		

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

Non-Residential Natural Gas				
Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.03397	3.50%	
2	Oct-16	\$1,786,769		
3	Nov-16	\$1,567,794	\$4,892	6,446,114
4	Dec-16	\$1,299,195	\$4,181	7,906,939
5	Jan-17	\$1,030,556	\$3,398	7,908,148
6	Feb-17	\$805,110	\$2,677	6,636,619
7	Mar-17	\$612,741	\$2,068	5,662,892
8	Apr-17	\$487,154	\$1,604	3,697,018
9	May-17	\$407,288	\$1,304	2,351,066
10	Jun-17	\$347,910	\$1,101	1,747,951
11	Jul-17	\$289,920	\$930	1,707,088
12	Aug-17	\$229,153	\$757	1,788,848
13	Sep-17	\$154,804	\$560	2,188,653
14	Oct-17	(\$103)	\$226	4,560,128
15	Annual Total		\$23,698	52,601,464
16	Incremental Rate to Recover Estimated Interest		\$0.00045	
17	Estimated Rate to Recover Deferral Balance		\$0.03397	
18	Rate before Gross-up for Revenue-related items		\$0.03442	
19	Times: Gross-up for Revenue-related items (3)		1.049318	
20	Preliminary Proposed Decoupling Rate		\$0.03612	
21	3% Test Rate Adjustment (4)		(\$0.01504)	
22	Final Proposed Decoupling Rate		\$0.02108	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.02009	Amortization Rate
24	Estimated Carryover Balance (5)		\$770,314	

Notes Notes

- (1) Deferral balance at the end of the month, Rate of \$0.03397 to recover the October 2016 balance of \$1,786,769 over 12 months. See page 4 of Attachment A for October 2016 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) 2015 Commission Basis conversion factor, see page 7 of Attachment A.
- (4) See pages 5 and 6 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 Balance through October 2017

Line No.		Ending Balance	Interest 3.25% Q1 2016 3.46% Q2 2016 3.50% Q3 2016	Amortization
1	Dec-15	\$1,736,736		
2	Earnings Sharing Adjustment	\$0		
3	Adjusted December Balance	\$1,736,736		
4	Jan-16	\$1,741,440	\$4,704	
5	Feb-16	\$1,746,156	\$4,716	
6	Mar-16	\$1,750,885	\$4,729	
7	Apr-16	\$1,755,934	\$5,048	
8	May-16	\$1,760,997	\$5,063	
9	Jun-16	\$1,766,074	\$5,078	
10	Jul-16	\$1,771,225	\$5,151	
11	Aug-16	\$1,776,391	\$5,166	
12	Sep-16	\$1,781,572	\$5,181	
13	Oct-16	\$1,786,769	\$5,196	
14	Nov-16	\$1,662,289	\$5,023	\$129,502
15	Dec-16	\$1,508,055	\$4,617	\$158,850
16	Jan-17	\$1,353,347	\$4,167	\$158,875
17	Feb-17	\$1,223,770	\$3,753	\$133,330
18	Mar-17	\$1,113,406	\$3,403	\$113,768
19	Apr-17	\$1,042,272	\$3,139	\$74,273
20	May-17	\$998,010	\$2,971	\$47,233
21	Jun-17	\$965,754	\$2,860	\$35,116
22	Jul-17	\$934,225	\$2,767	\$34,295
23	Aug-17	\$900,960	\$2,672	\$35,938
24	Sep-17	\$859,553	\$2,564	\$43,970
25	Oct-17	\$770,314	\$2,373	\$91,613
26	Total		\$90,341	\$1,056,763
Summary				
27	2015 Deferred Revenue	\$1,736,736		
28	Less Earnings Sharing	\$0		
29	Add Interest through 10/31/2017	\$90,341		
30	Add Revenue Related Expense Adj.	\$52,075		
31	Total Requested Recovery	\$1,879,152		
32	Customer Surcharge Revenue	\$1,108,839		
33	Carryover Deferred Revenue	\$770,314		

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2015 Deferrals

2015 Commission Basis Earnings Test for Decoupling

Line No.		Natural Gas	
1	Rate Base	\$ 272,971,000	
2	Net Income	\$ 16,783,000	
3	Calculated ROR	6.15%	
4	Base ROR	7.32%	
5	Excess ROR	-1.17%	
6	Excess Earnings	\$ -	
7	Conversion Factor	0.619450	
8	Excess Revenue (Excess Earnings/CF)	\$ -	
9	Sharing %	50%	
10	2015 Total Earnings Test Sharing	\$ -	

Revenue From 2015 Normalized Loads and Customers at Present Billing Rates

11	Residential Revenue	\$ 116,284,996	75.88%
12	Non-Residential Revenue	\$ 36,958,137	24.12%
13	Total Normalized Revenue	\$ 153,243,133	100.00%

Earnings Test Sharing Adjustment

14	Residential	\$ -	
15	Non-Residential	\$ -	
16	Total	\$ -	

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2015 Deferrals

3% Incremental Surcharge Test		Natural Gas
Line No.		
	November 2016 - October 2017 Usage	
1	Residential	119,200,013
2	Non-Residential	52,601,464
	Proposed Decoupling Recovery Rates	
3	Residential	\$0.04870
4	Non-Residential	\$0.03612
	Present Decoupling Recovery Rates	
5	Residential	\$0.00000
6	Non-Residential	\$0.00000
	Incremental Decoupling Recovery Rates	
7	Residential	\$0.04870
8	Non-Residential	\$0.03612
9	Incremental Decoupling Recovery	\$ 7,705,005
10	Residential	\$ 5,805,041
11	Non-Residential	\$ 1,899,965
	Incremental Surcharge %	
12	Residential	4.99%
13	Non-Residential	5.14%
	3% Test Adjustment (1)	
14	Residential	\$ (2,316,491)
15	Non-Residential	\$ (791,221)
	3% Test Rate Adjustment	
16	Residential	-\$0.01943
17	Non-Residential	-\$0.01504
	Adjusted Proposed Decoupling Recovery Rates	
18	Residential	\$0.02927
19	Non-Residential	\$0.02108
20	Adjusted Incremental Decoupling Recovery	4,597,823
21	Residential	3,488,984
22	Non-Residential	1,108,839
	Adjusted Incremental Surcharge %	
23	Residential	3.00%
24	Non-Residential	3.00%

Notes

(1) 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, 2015

<u>Line No.</u>	<u>Description</u>	<u>Factor</u>
1	Revenues	1.000000
	Expense:	
2	Uncollectibles	0.006740
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038260
5	Total Expense	<u>0.047000</u>
6	Net Operating Income Before FIT	0.953000
7	Federal Income Tax @ 35%	0.333550
8	REVENUE CONVERSION FACTOR	<u><u>0.619450</u></u>
9	2015 Commission Basis Conversion Factor Gross Up Factor	1.049318