

AVISTA CORPORATION
dba Avista Utilities

**SCHEDULE 175
DECOUPLING MECHANISM – NATURAL GAS**

PURPOSE:

This Schedule establishes balancing accounts and implements an annual rate adjustment mechanism that decouples or separates the recovery of the Company's Commission authorized revenues from the therm sales to customers served under the applicable natural gas service schedules.

APPLICABLE:

To Customers in the State of Washington where the Company has natural gas service available. This schedule shall be applicable to all retail customers taking service under Schedules 101, 102, 111, 121, and 131. This Schedule does not apply to Schedule 112, 122, 132, 146 customers (Transportation Service For Customer-Owned Gas) or Schedule 148 customers (Special Contracts). Applicable Customers will be segregated into two (2) distinct Rate Groups:

(T)

- Group 1 – Schedule 101, 102
- Group 2 – Schedules 111, 121, 131

(T)

MONTHLY RATE:

- Group 1 – \$0.02927 per therm
- Group 2 – \$0.02108 per therm

(I)

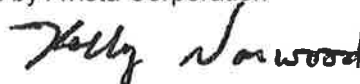
(I)

Issued August 31, 2016

Effective November 1, 2016

Issued by Avista Corporation

By



Kelly Norwood, Vice President, State & Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 175E
DECOUPLING MECHANISM – NATURAL GAS

3% ANNUAL RATE INCREASE LIMITATION:

Following the application of the Earnings Test described above, the amount of the incremental proposed rate adjustment under this Schedule cannot reflect more than a 3% rate increase. This will be determined by dividing the incremental annual revenue to be collected (proposed surcharge revenue less present surcharge revenue) under this Schedule by the total "normalized" revenue for the two Rate Groups for the most recent January through December time period. Normalized revenue is determined by multiplying the weather-corrected usage for the period by the present rates in effect. If the incremental amount of the proposed surcharge exceeds 3%, only a 3% incremental rate increase will be proposed and any remaining deferred revenue will be carried over to the following year. There is no limit to the level of the decoupling rebate, and the reversal of any rebate rate would not be included in the 3% incremental surcharge test.

(T)
(T)
(T)

OTHER CONDITIONS:

The Decoupling Mechanism will last for a five-year period, starting on January 1, 2015 and ending December 31, 2019.

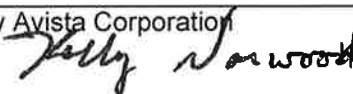
A third-party evaluation of the electric mechanism will be completed following the end of the third full-year, and will be paid for by Avista.

Issued August 31, 2016

Effective November 1, 2016

Issued by Avista Corporation

By



Kelly Norwood, Vice President, State & Federal Regulation