

WN U-29

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 159

NATURAL GAS DECOUPLING RATE ADJUSTMENT

PURPOSE:

This Schedule is a program to allow the Company to recover costs associated with providing Natural Gas distribution service as authorized by the Commission in the Company's last general rate filing.

APPLICABLE:

To Natural Gas Customers served under General Service Schedule 101.

MONTHLY RATE: **\$0.00000 per therm**

(I)
(D)

SPECIAL TERMS AND CONDITIONS:

Monthly Revenue Deferral Calculation

Following the end of each month, the Company will compute a deferred revenue amount to be recorded in a special account. This deferred revenue amount can be either a debit or credit and will be determined as follows:

- (1) The difference in weather-corrected therm sales for the current month (Current Therm Sales) and the Base Therm Sales for the corresponding month (June to June) will be calculated for Schedule 101. Base Therm Sales shall be the monthly weather-corrected therm sales from the Test Year reflected in the Company's most recent Commission-approved general rate filing. Prior to calculating the difference between Current Therm Sales and Base Therm Sales, Current Therm Sales will be adjusted for: 1) a New Customer Adjustment, reflecting the reduction of total usage during the current month for new customers added to the Company's natural gas system since the corresponding month of the Test Year and 2) a Schedule Shifting Adjustment, reflecting the usage of customers that have switched to or from Schedule 101 (from another rate schedule) since the corresponding month of the Test Year.
- (2) The difference in usage determined in (1) will be multiplied by \$0.29592. This rate represents the margin (rate less gas costs) under Schedule 101.
- (3) If the result calculated in (2) above is a negative amount, 45% of that amount will be recorded as a debit to the deferred revenue account, representing a potential surcharge. If the result is a positive amount, 45% of that amount will be recorded as a credit to the deferred revenue account, representing a potential rebate.

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Issued by Avista Corporation

By

Kelly Norwood

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Vice President, State & Federal Regulation

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SCHEDULE 159B

NATURAL GAS DECOUPLING RATE ADJUSTMENT

2% Annual Rate Increase Limitation

Following the application of the Earnings and DSM tests described above, the amount of the incremental proposed rate adjustment under this Schedule cannot reflect more than a 2% 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 Schedule 101 for the most recent July – June 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 2%, only a 2% incremental rate increase will be proposed and any remaining deferred revenue will be carried over to the following year.

After determining the amount of deferred revenue that can be recovered through a surcharge (or refunded through a rebate), the proposed rate under this Schedule will be determined by dividing the deferred revenue to be recovered by the estimated therms sales for Schedule 101 during the twelve month recovery period. The deferred revenue amount to be recovered will be transferred to a Decoupling Balancing Account and the actual revenue received under this Schedule will be applied to the Account to reduce (amortize) the balance. Interest will be accrued on the unamortized balance in the Decoupling Balancing Account at the quarterly rate published by the FERC.

DSM Target for Annual Rate Adjustment

The DSM Target to be used for the DSM Test in the annual rate adjustment filing is the annual Washington DSM goal for the previous calendar year reflected in the Company's most recent Natural Gas Integrated Resource Plan.

- 2013 DSM Target – 1,546,000 therms (893,000 therms from Washington)
- 2014 DSM Target – 2,192,000 therms (1,310,000 therms from Washington)

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(D)

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