

# **AVISTA UTILITIES**

2021

Washington Electric

Schedule 75

Annual Decoupling Rate Adjustment Filing

## **ATTACHMENT C**

Excerpts from Avista's Q4 2020 Quarterly  
Decoupling Update Filing

May 26, 2021

Avista Corporation Decoupling Mechanism  
Washington Jurisdiction  
Quarterly Report for 4th Quarter 2020

New Customers Excluded from Decoupling Mechanism  
UE-190334 Base effective 4/1/2020

Line No.	Description	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	2020 Total	Apr - Dec Average
1	No. of Excluded Customer Bills - Residential	-	-	-	3,261	3,380	3,544	3,916	4,199	4,652	4,942	5,251	5,437	38,582	4,287
2	New Customer Usage - Residential	-	-	-	1,762,897	1,373,083	1,398,479	1,613,174	2,155,535	2,320,559	2,018,639	3,258,845	4,691,916	20,593,128	
3	New Customer Use per Customer - Residential	-	-	-	541	406	395	412	513	499	408	621	863	534	
4	No. of Excluded Customer Bills - Non-Residential	-	-	-	873	919	1,048	1,135	1,177	1,273	1,363	1,486	1,529	10,803	1,200
5	New Customer Usage - Non-Residential	-	-	-	2,007,628	1,811,961	2,179,064	2,350,154	3,078,900	4,524,953	4,003,265	4,655,162	5,333,626	29,944,714	
6	New Customer Use per Customer - Non-Residential	-	-	-	2,300	1,972	2,079	2,071	2,616	3,555	2,937	3,133	3,488	2,772	
7	Base Rate Revenue from Excluded Customers - Residential	\$ -	\$ -	\$ -	\$ 175,571	\$ 144,960	\$ 149,069	\$ 169,826	\$ 219,597	\$ 235,292	\$ 211,411	\$ 326,948	\$ 464,626	\$ 2,097,299	\$ 489
8	Base Rate Revenue from Excluded Customers - Non-Residential	\$ -	\$ -	\$ -	\$ 238,432	\$ 230,638	\$ 280,786	\$ 299,927	\$ 367,867	\$ 504,817	\$ 507,503	\$ 551,396	\$ 612,911	\$ 3,594,277	\$ 2,994
9	<b>Total New Customer Revenue</b>	\$ -	\$ -	\$ -	\$ 414,003	\$ 375,598	\$ 429,855	\$ 469,753	\$ 587,464	\$ 740,109	\$ 718,914	\$ 878,344	\$ 1,077,537	\$ 5,691,576	
10	Variable Power Costs	\$ -	\$ -	\$ -	\$ 68,284	\$ 57,681	\$ 64,789	\$ 71,776	\$ 94,796	\$ 123,972	\$ 109,057	\$ 143,323	\$ 181,563	\$ 915,240	
11	Depreciation Expense (1)	\$ -	\$ -	\$ -	\$ 67,938	\$ 72,514	\$ 77,055	\$ 81,935	\$ 87,112	\$ 91,580	\$ 95,805	\$ 100,296	\$ 106,651	\$ 780,886	
12	Property Tax Expense (1)	\$ -	\$ -	\$ -	\$ 31,890	\$ 34,034	\$ 36,162	\$ 38,448	\$ 40,874	\$ 42,968	\$ 44,948	\$ 47,052	\$ 50,030	\$ 366,405	
13	Customer Accounting Cost (2)	\$ -	\$ -	\$ -	\$ 11,770	\$ 11,722	\$ 12,159	\$ 12,752	\$ 12,832	\$ 13,636	\$ 13,678	\$ 13,661	\$ 13,581	\$ 115,791	
14	Customer Service Cost (3)	\$ -	\$ -	\$ -	\$ 1,706	\$ 1,832	\$ 1,893	\$ 2,139	\$ 2,286	\$ 2,459	\$ 2,380	\$ 2,494	\$ 2,575	\$ 19,765	
15	Excise Tax	\$ -	\$ -	\$ -	\$ 15,975	\$ 14,493	\$ 16,587	\$ 18,126	\$ 22,668	\$ 28,559	\$ 27,741	\$ 33,893	\$ 41,579	\$ 219,621	
16	Uncollectibles	\$ -	\$ -	\$ -	\$ 1,566	\$ 1,421	\$ 1,626	\$ 1,777	\$ 2,222	\$ 2,799	\$ 2,719	\$ 3,322	\$ 4,075	\$ 21,526	
17	Commission Fees	\$ -	\$ -	\$ -	\$ 828	\$ 751	\$ 860	\$ 940	\$ 1,175	\$ 1,480	\$ 1,438	\$ 1,757	\$ 2,155	\$ 11,383	
18	<b>Total New Customer Expense</b>	\$ -	\$ -	\$ -	\$ 199,957	\$ 136,767	\$ 146,340	\$ 156,117	\$ 169,169	\$ 183,481	\$ 188,709	\$ 202,475	\$ 220,647	\$ 1,535,377	
19	Operating Income Before FIT	\$ -	\$ -	\$ -	\$ 214,046	\$ 238,831	\$ 283,515	\$ 313,637	\$ 418,296	\$ 556,628	\$ 530,205	\$ 675,869	\$ 856,890	\$ 4,087,915	
20	Income Tax	\$ -	\$ -	\$ -	\$ 44,950	\$ 50,154	\$ 59,538	\$ 65,864	\$ 87,842	\$ 116,892	\$ 111,343	\$ 141,932	\$ 179,947	\$ 858,462	
21	Tax Benefit of Interest	\$ -	\$ -	\$ -	\$ (15,553)	\$ (16,588)	\$ (17,512)	\$ (18,699)	\$ (19,754)	\$ (20,614)	\$ (21,556)	\$ (22,534)	\$ (24,319)	\$ (177,130)	
22	<b>Operating Income</b>	\$ -	\$ -	\$ -	\$ 184,649	\$ 205,265	\$ 241,489	\$ 266,472	\$ 350,207	\$ 460,351	\$ 440,418	\$ 556,471	\$ 701,262	\$ 3,406,583	
23	Plant Investment Associated with New Customers Since Test Year (1)				\$ 34,404,414	\$ 36,746,755	\$ 38,852,603	\$ 41,527,356	\$ 43,923,848	\$ 45,904,363	\$ 48,063,151	\$ 50,303,513	\$ 54,288,367		\$ 43,779,374
24	Accumulated Depreciation (1)				\$ (562,190)	\$ (634,704)	\$ (711,759)	\$ (793,694)	\$ (880,805)	\$ (972,385)	\$ (1,068,191)	\$ (1,168,487)	\$ (1,275,138)		\$ (896,372)
25	Accumulated Deferred Taxes (1)				\$ (305,154)	\$ (342,183)	\$ (378,258)	\$ (413,308)	\$ (447,271)	\$ (480,295)	\$ (512,433)	\$ (543,627)	\$ (573,487)		\$ (444,002)
26	Rate Base	\$ -	\$ -	\$ -	\$ 33,537,071	\$ 35,769,868	\$ 37,762,586	\$ 40,320,355	\$ 42,595,772	\$ 44,451,682	\$ 46,482,527	\$ 48,591,399	\$ 52,439,742		\$ 42,439,000
27	Allowed ROR	7.50%	7.50%	7.50%	7.21%	7.21%	7.21%	7.21%	7.21%	7.21%	7.21%	7.21%	7.21%		
28	Weighted Cost of Debt	2.89%	2.89%	2.89%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%		
29	<b>Return Requirement</b>	\$ -	\$ -	\$ -	\$ 201,502	\$ 214,917	\$ 226,890	\$ 242,258	\$ 255,930	\$ 267,081	\$ 279,283	\$ 291,953	\$ 315,075	\$ 2,294,889	
30	<b>NOI Sufficiency (Deficiency)</b>	\$ -	\$ -	\$ -	\$ (16,853)	\$ (9,653)	\$ 14,599	\$ 24,213	\$ 94,278	\$ 193,270	\$ 161,135	\$ 264,517	\$ 386,186	\$ 1,111,694	
31	Retail Revenue Credit Rate	0.01811	0.01811	0.01811	0.01811	0.01811	0.01811	0.01811	0.01811	0.01811	0.01811	0.01811	0.01811		
32	Excise Tax Rate	0.038495	0.038495	0.038495	0.038587	0.038587	0.038587	0.038587	0.038587	0.038587	0.038587	0.038587	0.038587		
33	Uncollectible Expense Rate	0.006183	0.006183	0.006183	0.003782	0.003782	0.003782	0.003782	0.003782	0.003782	0.003782	0.003782	0.003782		
34	Commission Fee Rate	0.002000	0.002000	0.002000	0.002000	0.002000	0.002000	0.002000	0.002000	0.002000	0.002000	0.002000	0.002000		
35	Federal Tax Rate	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%		
36	Avg Cust Acctg Cost per Bill (2)	\$ 3.08	\$ 3.00	\$ 3.00	\$ 2.85	\$ 2.73	\$ 2.65	\$ 2.52	\$ 2.39	\$ 2.30	\$ 2.17	\$ 2.03	\$ 1.95		
37	Avg Cust Service Cost per Bill (3)	\$ 0.45	\$ 0.43	\$ 0.42	\$ 0.41	\$ 0.43	\$ 0.41	\$ 0.42	\$ 0.43	\$ 0.42	\$ 0.38	\$ 0.37	\$ 0.37		

Note (1) All plant related new customer costs are derived from "New Revenue - Growth" project category transfers to plant cumulative additions since the test year.  
 Note (2) Reflects 12ME Customer Accounting Expenses per Bill (excludes Uncollectible Accounts Expense).  
 Note (3) Reflects 12ME Customer Service and Info Expenses per Bill (excludes Public Purpose Tariff Rider and Limited Income Tax Refund Program expense offsets).

Avista Corporation Decoupling Mechanism  
Washington Jurisdiction  
Quarterly Report for 4th Quarter 2020

The Company will maintain and present data and a brief explanatory narrative for 30-, 20-, 15-, and 10-year moving averages for purposes of decoupling in its annual decoupling report.

**Explanatory Narrative:**

Heating degree-day and Cooling degree-day moving averages provide an updated determination of "normal" or expected weather each year. In the context of a general rate case, changing these assumptions impacts the normalized test year usage that new rates are based on, the same costs spread over less usage will result in higher charges per kWh to achieve the same revenue per customer (RPC) and vice-versa. In the context of the Company's decoupling mechanism the allowed decoupled RPC is determined in the development of current effective rates in a general rate proceeding. Once the RPC is set, assumptions regarding what proportion of decoupling deferrals are associated with weather have no impact on the deferrals in total, only the portion explained by "abnormal" weather.

The data shown below indicates that if 2020 were a test year in a future general rate case the definition of "normal" weather would impact both the overall normalized usage and the monthly shape of normalized usage (impacting the cost of power and the Decoupling monthly RPC). Electric usage is sensitive to both heating and cooling. Generally, the data below shows that the shorter the moving average periods, the less heating degree-days and more cooling degree-days with offsetting impacts. Residential service would have the highest normalized usage under the 15-year moving average assumption and non-residential service would have the highest normalized usage under the 10-year moving average assumption.

Line No.	Description	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	2020 Total
1	Actual Degree Days Heating	951	861	809	513	292	139	21	11	88	524	826	1,021	6,056
2	Actual Degree Days Cooling	-	-	-	-	11	49	205	223	65	3	-	-	556
<b>30-Year Weather Assumption</b>														
3	30-Year Normal DDH	1,102	911	777	544	295	137	26	28	160	539	866	1,129	6,514
4	30-Year Normal DDC	-	-	-	-	15	53	209	187	41	1	-	-	506
5	Normal - Actual DDH	151	50	(32)	31	3	(2)	5	17	72	15	40	108	458
6	Normal - Actual DDC	-	-	-	-	4	4	4	(36)	(24)	(2)	-	-	(50)
7	30-Year Residential Usage Adjustment	19,498,541	6,431,709	(4,123,133)	2,883,614	1,313,098	850,109	1,034,937	(9,305,973)	(6,217,553)	875,402	3,710,709	13,721,503	30,672,963
8	30-Year Non-Residential Usage Adjustment	3,571,182	1,161,251	(753,719)	239,990	342,304	315,353	324,611	(2,898,390)	(1,932,666)	(47,519)	302,760	2,435,530	3,060,687
<b>Deferred Decoupled Revenue</b>														
9	Residential Weather Component	\$ 1,434,898	\$ 473,310	\$ (303,421)	\$ 232,506	\$ 105,875	\$ 68,544	\$ 83,447	\$ (750,341)	\$ (501,321)	\$ 70,584	\$ 299,194	\$ 1,106,365	\$ 2,319,640
10	Residential Non-Weather	\$ 435,912	\$ 147,528	\$ 103,619	\$ (502,197)	\$ 652,677	\$ 233,026	\$ (1,169,137)	\$ 82,654	\$ (403,282)	\$ (135,011)	\$ (1,069,638)	\$ (1,606,069)	\$ (3,229,916)
11	Total Residential Decoupling Deferral	\$ 1,870,810	\$ 620,838	\$ (199,802)	\$ (269,691)	\$ 758,552	\$ 301,570	\$ (1,085,690)	\$ (667,687)	\$ (904,603)	\$ (64,427)	\$ (770,444)	\$ (499,704)	\$ (910,276)
12	Non-Residential Weather Component	\$ 207,210	\$ 67,508	\$ (43,779)	\$ 15,753	\$ 19,735	\$ 17,825	\$ 18,503	\$ (165,193)	\$ (110,283)	\$ (1,710)	\$ 19,932	\$ 148,512	\$ 194,013
13	Non-Residential Non-Weather	\$ 394,784	\$ 129,125	\$ 762,231	\$ 1,533,587	\$ 2,048,213	\$ 1,606,607	\$ 1,425,180	\$ 1,090,399	\$ 218,624	\$ 64,388	\$ 1,565,343	\$ 542,209	\$ 11,380,690
14	Total Non-Residential Decoupling Deferral	\$ 601,994	\$ 196,633	\$ 718,452	\$ 1,549,340	\$ 2,067,948	\$ 1,624,432	\$ 1,443,683	\$ 925,206	\$ 108,341	\$ 62,678	\$ 1,585,275	\$ 690,721	\$ 11,574,703
<b>20-Year Weather Assumption</b>														
15	20-Year Normal DDH	1,099	927	778	544	285	129	17	21	164	529	870	1,125	6,488
16	20-Year Normal DDC	-	-	-	-	17	60	234	201	45	1	-	-	558
17	Normal - Actual DDH	148	66	(31)	31	(7)	(10)	(4)	10	76	5	44	104	432
18	Normal - Actual DDC	-	-	-	-	6	11	29	(22)	(20)	(2)	-	-	2
19	20-Year Residential Usage Adjustment	19,111,152	8,489,856	(3,994,286)	2,883,614	902,430	1,919,691	7,503,294	(5,686,983)	(5,181,294)	(53,383)	4,081,780	13,213,299	43,189,170
20	20-Year Non-Residential Usage Adjustment	3,500,232	1,532,850	(730,163)	239,990	425,919	831,872	2,353,424	(1,771,238)	(1,610,555)	(124,076)	333,037	2,345,327	7,326,619
<b>Deferred Decoupled Revenue</b>														
21	Residential Weather Component	\$ 1,406,390	\$ 624,769	\$ (293,940)	\$ 232,506	\$ 72,763	\$ 154,785	\$ 604,991	\$ (458,542)	\$ (417,767)	\$ (4,304)	\$ 329,114	\$ 1,065,388	\$ 3,316,153
22	Residential Non-Weather	\$ 464,420	\$ (3,931)	\$ 94,138	\$ (502,197)	\$ 685,789	\$ 146,785	\$ (1,690,681)	\$ (209,145)	\$ (486,836)	\$ (60,123)	\$ (1,099,558)	\$ (1,565,092)	\$ (4,226,429)
23	Total Residential Decoupling Deferral	\$ 1,870,810	\$ 620,838	\$ (199,802)	\$ (269,691)	\$ 758,552	\$ 301,570	\$ (1,085,690)	\$ (667,687)	\$ (904,603)	\$ (64,427)	\$ (770,444)	\$ (499,704)	\$ (910,276)
24	Non-Residential Weather Component	\$ 203,094	\$ 89,111	\$ (42,410)	\$ 15,753	\$ 23,844	\$ 46,700	\$ 134,143	\$ (100,951)	\$ (91,903)	\$ (6,738)	\$ 21,925	\$ 143,011	\$ 435,579
25	Non-Residential Non-Weather	\$ 398,900	\$ 107,522	\$ 760,862	\$ 1,533,587	\$ 2,044,104	\$ 1,577,732	\$ 1,309,540	\$ 1,026,157	\$ 200,244	\$ 69,416	\$ 1,563,350	\$ 547,710	\$ 11,139,124
26	Total Non-Residential Decoupling Deferral	\$ 601,994	\$ 196,633	\$ 718,452	\$ 1,549,340	\$ 2,067,948	\$ 1,624,432	\$ 1,443,683	\$ 925,206	\$ 108,341	\$ 62,678	\$ 1,585,275	\$ 690,721	\$ 11,574,703

Avista Corporation Decoupling Mechanism  
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1	Actual Degree Days Heating	951	861	809	513	292	139	21	11	88	524	826	1,021	6,056
2	Actual Degree Days Cooling	-	-	-	-	11	49	205	223	65	3	-	-	556
<b>15-Year Weather Assumption</b>														
27	15-Year Normal DDH	1,098	925	780	541	269	123	14	19	154	522	852	1,137	6,434
28	15-Year Normal DDC	-	-	-	1	19	63	240	210	49	1	-	-	583
29	Normal - Actual DDH	147	64	(29)	28	(23)	(16)	(7)	8	66	(2)	26	116	378
30	Normal - Actual DDC	-	-	-	1	8	14	35	(13)	(16)	(2)	-	-	27
31	15-Year Residential Usage Adjustment	18,982,023	8,232,587	(3,736,590)	2,863,836	(65,048)	2,139,165	9,055,699	(3,360,490)	(4,145,036)	(703,533)	2,411,961	14,737,910	46,412,484
32	15-Year Non-Residential Usage Adjustment	3,476,582	1,486,400	(683,056)	299,140	463,861	1,033,039	2,840,340	(1,046,642)	(1,288,444)	(177,666)	196,795	2,615,941	9,216,290
<b>Deferred Decoupled Revenue</b>														
33	Residential Weather Component	\$ 1,396,888	\$ 605,836	\$ (274,976)	\$ 230,911	\$ (5,244)	\$ 172,481	\$ 730,162	\$ (270,957)	\$ (334,215)	\$ (56,726)	\$ 194,476	\$ 1,188,318	\$ 3,576,954
34	Residential Non-Weather	\$ 473,922	\$ 15,002	\$ 75,174	\$ (500,602)	\$ 763,796	\$ 129,089	\$ (1,815,852)	\$ (396,730)	\$ (570,388)	\$ (7,701)	\$ (964,920)	\$ (1,688,022)	\$ (4,487,230)
35	Total Residential Decoupling Deferral	\$ 1,870,810	\$ 620,838	\$ (199,802)	\$ (269,691)	\$ 758,552	\$ 301,570	\$ (1,085,690)	\$ (667,687)	\$ (904,603)	\$ (64,427)	\$ (770,444)	\$ (499,704)	\$ (910,276)
36	Non-Residential Weather Component	\$ 201,722	\$ 86,410	\$ (39,674)	\$ 18,916	\$ 24,948	\$ 57,752	\$ 161,897	\$ (59,653)	\$ (73,522)	\$ (10,257)	\$ 12,955	\$ 159,512	\$ 541,006
37	Non-Residential Non-Weather	\$ 400,272	\$ 110,223	\$ 758,126	\$ 1,530,424	\$ 2,043,000	\$ 1,566,680	\$ 1,281,786	\$ 984,859	\$ 181,863	\$ 72,935	\$ 1,572,320	\$ 531,209	\$ 11,033,697
38	Total Non-Residential Decoupling Deferral	\$ 601,994	\$ 196,633	\$ 718,452	\$ 1,549,340	\$ 2,067,948	\$ 1,624,432	\$ 1,443,683	\$ 925,206	\$ 108,341	\$ 62,678	\$ 1,585,275	\$ 690,721	\$ 11,574,703
<b>10-Year Weather Assumption</b>														
39	10-Year Normal DDH	1,095	940	766	523	247	115	16	13	148	504	848	1,097	6,312
40	10-Year Normal DDC	-	-	-	1	18	69	238	230	52	-	-	-	608
41	Normal - Actual DDH	144	79	(43)	10	(45)	(24)	(5)	2	60	(20)	22	76	256
42	Normal - Actual DDC	-	-	-	1	7	20	33	7	(13)	(3)	-	-	52
43	10-Year Residential Usage Adjustment	18,594,635	10,162,100	(5,540,461)	1,189,480	(2,365,355)	2,949,765	8,538,231	1,809,495	(3,367,841)	(2,634,236)	2,040,890	9,655,872	41,032,575
44	10-Year Non-Residential Usage Adjustment	3,405,633	1,834,775	(1,012,809)	159,791	216,529	1,466,792	2,678,035	563,575	(1,046,860)	(396,643)	166,518	1,713,892	9,749,228
<b>Deferred Decoupled Revenue</b>														
45	Residential Weather Component	\$ 1,368,379	\$ 747,829	\$ (407,722)	\$ 95,907	\$ (190,719)	\$ 237,840	\$ 688,438	\$ 145,900	\$ (271,549)	\$ (212,398)	\$ 164,557	\$ 778,553	\$ 3,145,015
46	Residential Non-Weather	\$ 502,431	\$ (126,991)	\$ 207,920	\$ (365,598)	\$ 949,271	\$ 63,730	\$ (1,774,128)	\$ (813,587)	\$ (633,054)	\$ 147,971	\$ (935,001)	\$ (1,278,257)	\$ (4,055,291)
47	Total Residential Decoupling Deferral	\$ 1,870,810	\$ 620,838	\$ (199,802)	\$ (269,691)	\$ 758,552	\$ 301,570	\$ (1,085,690)	\$ (667,687)	\$ (904,603)	\$ (64,427)	\$ (770,444)	\$ (499,704)	\$ (910,276)
48	Non-Residential Weather Component	\$ 197,605	\$ 106,663	\$ (58,828)	\$ 9,768	\$ 9,372	\$ 81,915	\$ 152,646	\$ 32,120	\$ (59,736)	\$ (23,935)	\$ 10,962	\$ 104,509	\$ 563,061
49	Non-Residential Non-Weather	\$ 404,389	\$ 89,970	\$ 777,280	\$ 1,539,572	\$ 2,058,576	\$ 1,542,517	\$ 1,291,037	\$ 893,086	\$ 168,077	\$ 86,613	\$ 1,574,313	\$ 586,212	\$ 11,011,642
50	Total Non-Residential Decoupling Deferral	\$ 601,994	\$ 196,633	\$ 718,452	\$ 1,549,340	\$ 2,067,948	\$ 1,624,432	\$ 1,443,683	\$ 925,206	\$ 108,341	\$ 62,678	\$ 1,585,275	\$ 690,721	\$ 11,574,703